No Securities Commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

This Offer is not and under no circumstances is to be construed as an offer to any resident of the United States of America or any of the territories or possessions thereof.

file

OFFER

by

WARNOCK HERSEY INTERNATIONAL LIMITED

To each of the holders of the common shares

and

to each of the holders of the preferred shares

of

INTERNATIONAL BRONZE POWDERS LIMITED

The basis of the Offer is:

The consideration to be paid for each International Bronze common share and each International Bronze preferred is the same, as follows:

(a) 1 Series "A" $1.50 cumulative, redeemable preferred share, of the par value of $25.00 each, and 1 common share, without nominal or par value, of the capital stock of Warnock Hersey,

or at your option

(b) $30.00 in Canadian Funds.

The Offer, subject to extension by Warnock Hersey International Limited as permitted by the terms of the Offer, will expire at 5:00 p.m., Eastern Daylight Saving Time on August 31, 1969.

The Offer is set forth in full on pages 4 and 5 hereof.

Table of Contents

A Letter of Transmittal is also enclosed.

WARNOCK HERSEY INTERNATIONAL LIMITED

To each of the holders of common shares without nominal or par value and each of the holders of preferred shares of the par value of $25.00 each of the capital stock of International Bronze Powders Limited ("International Bronze") other than those resident in the United States of America or any of the territories or possessions thereof.

Montreal, Que., April 21, 1969.

Warnock Hersey International Limited ("Warnock Hersey") hereby offers to acquire all of the issued and outstanding common shares, without nominal or par value and all of the issued and outstanding preferred shares of the par value of $25.00 each, of the capital stock of International Bronze Powders Limited (International Bronze common shares" and "International Bronze Preferred shares" respectively) held by you on the following basis:

The consideration to be paid for each International Bronze common share and each International Bronze preferred is the same, as follows:

(a) 1 Series "A" $1.50 cumulative, redeemable preferred share, of the par value of $25.00 each, and 1 common share, without nominal or par value of the capital stock of Warnock Hersey International Limited (hereinafter referred to as the "Warnock Hersey preferred share" and the "Warnock Hersey common share" respectively,

or at your option

OR

(b) $30.00 in Canadian Funds.

THIS OFFER IS SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

1. Manner of Acceptance

This Offer may be accepted by you (the "Offeree") depositing, within the Time for Acceptance hereinafter prescribed, with Montreal Trust Company (the "Trust Company") at any of its offices specified in the enclosed Letter of Transmittal, the appropriate certificate or certificates representing such Offeree's shares, together with a duly completed and signed Letter of Transmittal in the enclosed form. Such certificates, if registered in the name of the accepting Offeree, need not be endorsed, but the Letter of Transmittal must be executed and the execution thereof guaranteed, all as specified in the Letter of Transmittal. All transfer taxes payable in respect of any such transfer to it will be borne by Warnock Hersey.

2. Time for Acceptance

This Offer may be accepted by any Offeree at any time prior to 5.00 p.m. Eastern Daylight Saving Time on August 31, 1969 or prior to such time on any later date to which the Offer may be extended any such extension to be effected by notice in writing from Warnock Hersey to the Trust Company. There is no limit to the time period to which the Offer may be extended. Warnock Hersey will cause notice of any extension or extensions to be mailed to the then registered holders of International Bronze shares.

3. Take-Up Dates

Subject to paragraph 6, any International Bronze shares represented by certificates deposited as hereinbefore provided shall be taken up by Warnock Hersey in accordance with the terms of this Offer within ten days following the deposit of such certificates.

4. Delivery of Warnock Hersey Certificates or Cash

Each Offeree who has accepted the Offer shall be entitled to receive, in exchange for International Bronze preferred and/or common shares, either share certificates representing the appropriate number of Warnock Hersey preferred and common shares registered in such name or names as such Offeree shall designate in the Letter of Transmittal or the applicable amount of cash by cheque as the case may be. Such share certificates shall be delivered or, at the option of Warnock Hersey, shall be forwarded by first class insured mail to Offerees accepting the Offer (or as they may have so directed) at the respective addresses specified in the

Letter of Transmittal completed by them, or if no such address is specified, at the respective addresses of such Offerees as the same appear in the books of International Bronze maintained by the Trust Company. Delivery of certificates or cheques as the case may be by mail shall be deemed to have been made at the time such certificates or cheques are mailed.

5. Irrevocability of Acceptance and Right of Withdrawal

Any International Bronze shares deposited pursuant to this Offer may be withdrawn at any time until the expiration of seven days from the date on which this Offer was first mailed to holders of International Bronze shares. Subject to the foregoing, receipt by the Trust Company of a Letter of Transmittal and certificates representing International Bronze shares in accordance with the foregoing shall constitute an irrevocable acceptance of this Offer by the Offeree in respect of the International Bronze shares represented by such certificates.

6. Compulsory Acquisition

This Offer shall constitute a separate Offer for each class of International Bronze shares and it is the intention of Warnock Hersey to invoke the provisions of Section 128 of the Canada Corporations Act with respect to each class separately.

7. Use of Mails

Holders of International Bronze shares who forward their certificates by mail are advised to use first class registered mail for their own protection.

WARNOCK HERSEY INTERNATIONAL LIMITED

W. Howard Wert
President.

Jacques Leduc
Secretary.

WARNOCK HERSEY INTERNATIONAL LIMITED

OFFERING CIRCULAR

Warnock Hersey International Limited (hereinafter referred to as "Warnock Hersey" or the "Company") results from a number of amalgamations under the Canada Corporations Act. On December 30, 1967 Foreign Power Securities Corporation Limited and three wholly owned subsidiaries, The Warnock Hersey Company Ltd., Warnock Hersey Soil Investigations Ltd. and Canadian Car and Bus Advertising Limited were amalgamated to form a company under the name Warnock Hersey International Limited.

By letters patent dated July 2, 1968 the company resulting from the first amalgamation was amalgamated with Canadian Power & Paper Securities Limited, again under the name Warnock Hersey International Limited.

Finally, further letters patent were issued dated December 31, 1968 to amalgamate the company resulting from the second amalgamation with its wholly owned subsidiary, Eastern Canada Stevedoring Ltd., under the present name of the Company, Warnock Hersey International Limited. The authorized capital stock of Warnock Hersey consists of 300,000 preferred shares of the par value of $25 each, issuable in series, and 3,000,000 common shares without nominal or par value.

The head and principal office of Warnock Hersey is located at the 41st floor, 1 Place Ville Marie, Montreal 113, Que.

CONCURRENT OFFERS

The Company is making the following offers concurrently:

Offer To Shareholders Of Trans Canada Freezers Limited ("Freezers")

Pursuant to the Company's policy of expansion and diversification, by an offer dated October 30, 1968 (the "October Offer") and accepted November 1, 1968, the Company acquired in the aggregate 158,526 out of the total of 216,673 common shares without nominal or par value in the capital stock of Freezers (such shares being issued and outstanding as fully paid and non-assessable) from the following shareholders in the following respective amounts:

Peter N. Thomson	62,272 common shares
Robert R. McLernon	44,946 common shares
Willis S. McLeese	51,308 common shares

and has since acquired from other shareholders in the aggregate a further 3,085 of the said common shares. As a result, as at the date hereof the Company holds in the aggregate 161,611 Freezers common shares or approximately 74.6% of the issued and outstanding Freezers common shares.

This offer is being made pursuant to the undertaking by the Company contained in the October Offer, as accepted, to extend the October Offer to all other holders of Freezers common shares as soon as reasonably possible after the Company shall have received from its auditors the financial statements of the Company for its fiscal year ended December 31, 1968.

Accordingly, the basis of the offer is 1 Warnock Hersey common share for each 3 Freezers common shares, subject to the provision respecting fractional shares as set forth in the offer.

Offer To Shareholders Of International Bronze Powders Limited

As of the date hereof, the Company holds in the aggregate 66,358 of the 6% cumulative participating preferred shares of the par value of $25. each and 89,733 common shares without nominal or par value of the capital stock of International Bronze Powders Limited ("International Bronze"), or approximately 66.4% and 89.7% thereof respectively. The Company has offered to acquire the remaining 33,642 preferred and 10,267 common shares on the following basis:

for each preferred and each common share either:

a) 1 Warnock Hersey common share and one Warnock Hersey $1.50 Series A cumulative redeemable preferred share; or

b) $30.00 in cash.

WARNOCK HERSEY'S BUSINESS

GENERALLY:

The objects of the Company, as set forth in the said Letters Patent of amalgamation dated December 31, 1968, are "to carry on any and all businesses, industries, enterprises, occupations, undertakings, operations, adventures, or activities of whatsoever kind, nature or description" and pursuant thereto the Company either

directly or indirectly through its subsidiaries carries on diversified industrial, commercial, servicing, and financial activities inside and outside Canada.

In fulfillment of its policy of expansion and diversification it is contemplated that the Company will continue to make acquisitions of businesses operating in diversified fields.

The activities of the various divisions and subsidiaries are as follows:

FREEZERS FACILITIES:

Trans Canada Freezers Limited owns and operates six cold storage plants located in Lethbridge, Calgary and Edmonton, Alberta, Regina and Saskatoon, Saskatchewan, and Chatham, Ontario. The company provides custom freezing, packaging and/or warehousing services to most major Canadian Food processors. All plants are one story of concrete and steel, insulated for minus 10 degrees Farenheit storage, equipped with ammonia refrigeration systems suitable for minus 45 degree operations. The company's total storage capacity exceeds 30 million pounds (2,260,000 cu. ft.) and each plant is located on about five acres of land.

Zero Food Sales, a division of Trans Canada Freezers Limited, which distributes frozen food to chain stores, independent and group groceries and to institutions, operates at Calgary, Edmonton, Regina and Saskatoon.

The properties of Trans Canada Freezers Limited are subject to various mortgages aggregating approximately $1,650,000 bearing interest at rates from 5¼% to 8½% and which are payable over varying terms of up to 10 years.

PROFESSIONAL SERVICES DIVISION:

This Division, formerly known as The Warnock Hersey Company Ltd., operates from 128 Elmslie Street, LaSalle, Que. It has offices and major laboratories in Canada as well as offices and subsidiaries in the United States and the Caribbean and has a professional and supporting staff of over nine hundred.

This Division provides a diversified range of professional and technical services to industry and governments. These services include management, economic, transportation, feasibility, area development and marketing studies; project planning and scheduling; construction management and supervision; consulting services in the field of expropriation, evaluation, assessment, property tax, and land use and development; engineering for highway, harbour and airport projects; materials engineering, including the testing and evaluation of materials and products for use in construction and industry and by the consumer; chemical, biochemical, metallurgical, bacteriological and environmental testing; the provision of expertise for engineering/legal and chemical/legal cases; applied research; pollution control; geotechnical engineering; quality control; inspection, expediting and scheduling.

TRANS-AD DIVISION:

This Division was formerly known as Canadian Car and Bus Advertising Limited, an advertising company formed in 1905 for the purpose of representing transit operators, both private and public, as their sales agents for internal and external advertising spaces on the vehicles and illuminated panels of varying sizes inside subway stations.

The Division maintains offices in Montreal, Toronto, Winnipeg, Edmonton and Vancouver, where sales forces operate on behalf of the Company full time and where service operations, meaning the installation and removal of advertising, is fully supervised by the Company.

The Company has exclusive advertising rights with over 37 transit operations in virtually all major Canadian cities, from Halifax to Victoria, dealing with both local and national advertisers. The Division further provides an art and creative service to clients where desired.

STEVEDORING DIVISION:

This Division conducts business as stevedoring terminal operators and contracting stevedores at some twelve ports located on the Atlantic coast, the St. Lawrence River and the Great Lakes.

The Division owns its own wharf equipment and stevedoring gear and employs longshoremen and miscellaneous labour from local unions on a day to day basis at the various ports for the purposes of loading and unloading ships. Permanent employees number approximately 175.

Stevedoring contracts are negotiated annually with ship owners and agents on a per ton rate basis.

PLASTICS COMPANIES:

TEK PLASTICS LIMITED operates out of a new 80,000 sq. ft. plant in the Malton area of Toronto. The Company forms plastic on both a pressure mould and vacuum approach in the production of signs com-

pletely from both a plastic and metal standpoint for the majority of the integrated oil companies in Canada from coast to coast in addition to which Tek Plastics have recently inaugurated a Service Department for the installation and maintenance of the signs produced by the Company.

This Service Department was inaugurated in the Toronto area and will be expanded as quickly as possible where required. Tek Plastics carried out the re-signing programme for one of the largest automobile manufacturers and for one of Canada's leading banks.

The Company is introducing a new type of skylight which is now being presented to architects, engineers and builders across the country and is investigating the possibilities of doing business with major aircraft manufacturers in the United States. It is the intent of the Company to broaden its lines of activity as opportunities arise in the plastics field.

TEK LEASING CORPORATION LIMITED, incorporated in 1960, is a wholly-owned subsidiary of Tek Plastics and is available for leasing Tek Plastics' products where desired by major companies.

METAL POWDERS COMPANIES:

INTERNATIONAL BRONZE POWDERS LIMITED (89.7% of the common shares and 66.4% of the participating preferred shares of which are owned by Warnock Hersey) is an investment and operating company. Its business (formerly conducted through a wholly-owned subsidiary, Canadian Bronze Powder Works Limited of Valleyfield, Quebec, which company transferred its assets to International Bronze on December 30, 1968 and is in the process of surrendering its charter) consists of manufacturing bronze, aluminum and non-ferrous metal powders and aluminum pastes.

These products are also manufactured for distribution in the United States by the company's wholly-owned subsidiary *UNITED STATES BRONZE POWDERS, INC.* and its wholly-owned subsidiary *MALONE METAL POWDERS, INC.*, both of Flemington, New Jersey. *STRANAHAN FOIL COMPANY, INC.* of South Hackensack, New Jersey is a subsidiary of United States Bronze Powders, Inc. Its operations consist of the processing of aluminum foil for decorative and electronic purposes.

AEROSPACE COMPANIES:

AIRCRAFT INDUSTRIES OF CANADA LIMITED is a wholly-owned subsidiary of International Bronze Powders Limited. It operates aircraft custom repair and maintenance shop facilities at St. Jean. Que.

Autair Helicopter Services Ltd., Timmins Aviation Limited and Wheeler Northland Airways Ltd. are wholly-owned subsidiaries of Aircraft Industries of Canada Limited.

WHEELER NORTHLAND AIRWAYS LTD. and *AUTAIR HELICOPTER SERVICES LTD.* offer for charter fixed wing aircraft and helicopters for the transportation of persons and freight, aerial surveys, pest control, rescue work and service of fishing and hunting camps. Wheeler Northland Airways Ltd. owns 27 aircraft and operates from 8 bases in the Province of Quebec, Labrador and the North West Territories. Autair Helicopter Services Ltd. owns 12 helicopters and operates from a base at Montreal, Que.

TIMMINS AVIATION LIMITED operates out of a plant in Dorval, Que. This company manufactures highly sophisticated aircraft galleys and related equipment. A comprehensive research development programme is now underway via *AUDET PLASTICS SPECIALTIES INC.*, a company recently acquired by Warnock Hersey as a wholly-owned subsidiary.

FURNITURE COMPANIES:

PRINCEVILLE FURNITURE INC. manufactures bedroom suites, dining-room suites, upholstered chesterfields and chairs. There are three plants involved, all located in Princeville, Que., wherein the entire operation is carried out. The names of the furniture produced are Princeville Furniture, Lafontaine Furniture and L.B. Furniture. *ANTHES BAETZ FURNITURE COMPANY LIMITED*, a subsidiary, produces in the top third of the furniture lines, with the other names above in the middle to lower ranges.

The companies have sales agents across Canada and deal with the large furniture dealers. Recently, the companies acquired sales agents in the United States, covering the area from Philadelphia, Pa. to Boston, Mass. Initial sales have indicated there may be a considerable market for the companies' products in the north east United States.

HENDERSON FURNITURE LIMITED is located in St. Lambert, Que., and manufactures chairs of all kinds, wooden and upholstered. It is one of the country's leading chair manufacturers selling from coast to coast, and has been recognized as one of the top designers in the chair field. Complete facilities are utilized in St. Lambert, from the preparation and drying of wood to the finished product. Due to the increase in volume, some expansion of facilities will undoubtedly have to take place in the near future.

DRUMMOND WELDING AND STEEL WORKS LIMITED:

This company operates from a plant located in Ville Jacques Cartier, Que., and has a wholly-owned subsidiary, *DRUMMOND INDUSTRIES LIMITED,* which operates from a plant in Quebec City. It is engaged in the manufacture and erection of large field storage tanks and domestic and commercial storage tanks.

RECREATION COMPANIES:

NORTH AMERICAN RECREATION INDUSTRIES LIMITED has two wholly-owned subsidiaries, being Holiday Resorts Ltd. and P. Lawson Travel (Canada) Ltd.

HOLIDAY RESORTS LTD. controls six operating facilities and has a minority interest in a seventh. They are as follows:

SUNSHINE VILLAGE (BANFF) LTD. is in the Banff National Park, 14 miles from Banff and holds a long-term lease from the Government of Canada. The facilities at the Village include a 60-room self-contained hotel with licensed dining room, cocktail lounge, entertainment lounges and sauna bath; three 10-room chalets adjoin the inn; a day lodge capable of seating 400 skiers, together with cafeteria and washrooms; and two double chair-lifts and two T-bars. Sunshine Village, because it is located on the Great Divide, has guaranteed snow conditions and has an operating season from mid-November to mid-May and caters to all classes of skiers.

Sunshine Village (Banff) Ltd. is built on Crown land under lease with the Federal Government which lease is for a remaining period of 18 years plus an additional period of 10 years. The property is subject to two mortgages, one for a term of 10 years bearing interest at the rate of 6% per annum on which there remains outstanding the principal amount of $455,000, the second mortgage is for $125,000 which is payable on May 30, 1969.

SKOGLUND HOTSPRINGS RESORT LTD. is located between Terrace and Kitimat, B.C. It is located on a 330-acre site fronting on Lakelse. Facilities include 63 rooms and 3 mineral swimming pools. There is a licensed dining room, cocktail lounge and a coffee counter.

BANFF VOYAGER INN LTD. is located in Banff and holds a long-term lease from the Government of Canada for the land on which is constructed the 88-room hotel. It has convention facilities for 250 people, 2 cocktail lounges, a licensed dining room, a coffee shop and a year-round heated swimming pool.

Banff Voyager Inn Ltd. is built on Crown land under lease with the Federal Government which lease is for a remaining period of 39 years plus an additional period of 21 years. The property is subject to a 7½% first mortgage due May, 1984, under which there remains outstanding as of December 31, 1968, $642,000.

RADIUM HOT SPRINGS LODGE LTD. is located in the Kootenay National Park and holds a long-term lease from the Government of Canada for the land on which is situated the 40-room hotel with a licensed dining room and a cocktail lounge. It has a convention room for 100 people which is converted into a cafeteria for summer operations. In addition to the 40-room hotel, there are 10 rooms available in self-contained cabins. The hotel is located directly across from the Government mineral swimming pools.

GOLDEN RIM MOTOR INN LTD. is a 50-room motel located on the Trans-Canada highway near Golden, B.C. Other facilities include two sauna baths, outdoor swimming pool and a large games room. A large suite is located in a separate structure adjoining the motel where there is also provision for the future expansion of a coffee shop.

GARIBALDI LIFTS LTD. has its facilities located on Whistler Mountain, 70 miles north of Vancouver, B.C. Garibaldi has been selected as the Canadian site for the 1976 Olympics. It has some of the finest ski terrain on the continent and the longest vertical drop in North America served by lifts. There are slopes for every class of skier. Its season runs from November to July. The company owns 1 gondola, 3 double chair-lifts and 2 T-bars. In addition, the company owns approximately 190 acres of land in the valley. The company also owns a day lodge in the valley and at the top of the mountain.

GROUSE MOUNTAIN RESORTS LTD., in which Holiday Resorts Ltd. owns a minority interest, operates an aerial tramway with two 50-passenger cars known as "Grouse Mountain Sky Ride" in North Vancouver, B.C. Other facilities at Grouse Mountain include the lower terminal and the upper terminal which has a licensed restaurant and lounge known as "Top of Grouse". The ski facilities on the mountain are 2 double chair-lifts and 1 T-bar. Grouse Mountain Resorts Ltd. owns in North Vancouver, B.C. approximately 1,350 acres of land.

P. LAWSON TRAVEL (CANADA) LTD. has three operating subsidiaries in the retail, wholesale and hotel representation fields, namely P. Lawson Travel Limited, Atlas Tours Ltd. and William P. Wolfe Organization, Inc. respectively.

P. LAWSON TRAVEL LIMITED is in the retail travel agency business and operates some 24 offices across Canada and one in Paris. It arranges holiday travel, commercial travel and tours for individuals and groups. The company holds all major appointments such as IATA (International Air Traffic Association)

and ATC (Air Traffic Conference). It is compensated for its services by commissions from carriers, hotels and wholesalers.

ATLAS TOURS LTD. is in the wholesale travel business and operates 3 offices in Canada. Besides the normal wholesaling functions, independent and package tours, it is a leader in sales incentive programs. Products are available to all retail travel agents.

WILLIAM P. WOLFE ORGANIZATION, INC. has 9 offices throughout Canada and the United States and represents various sized hotels throughout the world. As part of its representation function, it conducts a reservation service for some of its clients. It is compensated for its services by way of monthly retainers and/or percentage override. In addition to representing some 77 hotels, the company represents tour operators in Mexico and Hawaii.

Warnock Hersey has recently acquired all the shares of the *CHANTECLER HOTEL CO. (1963) LTD.* and its facilities, including Golf Club and Curling Club, situated on a private 500 acre estate at Ste-Adèle-en-Haut in the heart of the Laurentian vacation playground. The hotel has 175 rooms and can accommodate approximately 350 people and is open on a year-round basis and is a convention haven.

Moreover, Warnock Hersey has acquired the *MANOIR RICHELIEU,* which faces the St. Lawrence River, at Murray Bay (Pointe au Pic) Que. The hotel is situated on the north shore of the St. Lawrence River, 90 miles northeast of Quebec City and 255 miles northeast of Montreal. The capacity of the hotel is 600 persons and it includes 6 cottages. There are 225 twin bedrooms and 60 single, all with private bath, and 11 sitting rooms.

Warnock Hersey owns 38% of the common shares of *BAHAMAS-CARIBBEAN DEVELOPMENT CORPORATION LIMITED* which owns, through its subsidiaries, the Oceanus South Hotel located in the Lucaya area of Freeport, Grand Bahama Island, and the Oceanus North Hotel located on Bell Channel across the street from the Oceanus South Hotel.

Bahamas-Caribbean Development Corporation Limited also operates, through its subsidiaries, various service companies such as Grand Bahama Millwork and Building Supplies Limited. Grand Bahama Dairy Products Limited, Grand Bahama Bakery Limited, and Lucaya Nursery and Landscaping Limited. It has also 40% in The d'Albenas Agency (Grand Bahama) Limited.

FINANCIAL COMPANIES:

YORKSHIRE FINANCIAL CORPORATION LIMITED is a broadly based financial holding company located in Vancouver, B.C. with an equity of approximately $2,500,000 and assets under administration of approximately $60,000,000. Its major components include a trust company, *YORKSHIRE TRUST COMPANY,* a real estate subsidiary, *BOULTBEE SWEET REALTY LIMITED,* and an insurance business, *YORKSHIRE INSURANCE MANAGERS LTD.* The Yorkshire was founded in 1888 by U.K. shareholders. Warnock Hersey purchased its 61.4% interest in August 1968.

NORTH AMERICA TRUST COMPANY conducts from offices in Montreal and Quebec City a specialized trust operation featuring the acquisition, financing and disposal of business enterprises on behalf of clients. Warnock Hersey has a 62.3% interest in this company, which has net assets and assets under administration of approximately $1,150,000 and $39,000,000 respectively.

CAPITAL MANAGEMENT LIMITED (60% of which is owned by Warnock Hersey) manages the All-Canadian Mutual Funds and through *ALL-CANADIAN GROUP DISTRIBUTORS LTD.,* which it owns to the extent of 60%, distributes those Funds.

Current prospectuses of All-Canadian Compound and Dividend Funds and All-Canadian Venture Fund, which describe the investment policies and practices of those Funds and other relevant matters, are available on request from Capital Management Limited, Suite 820, 1440 St. Catherine Street West, Montreal 107, Que. These Funds have not invested in any company in which Warnock Hersey has a material interest.

OTHER INVESTMENTS:

In addition to the investments described above, Warnock Hersey has certain other investments (set out in greater detail on page 18 hereof) among which is the 29% voting interest in *POWER CORPORATION OF CANADA, LIMITED,* one of Canada's largest closed-end investment companies. The President, Mr. W. Howard Wert and the Senior Vice-President, Mr. P. N. Thomson are Directors of Power Corporation of Canada, Limited.

Mr. Wert is also Director of *AMERICAN STERILIZER COMPANY,* which is a large U.S. manufacturer and distributor, the principal products of which are in the hospital equipment and supply field.

WARNOCK HERSEY PROPERTY

Warnock Hersey's principal properties are as follows:

1. Land consisting of approximately 300′ x 175′ and a building at 128 Elmslie Street, Town of LaSalle, Province of Quebec.

2. Land consisting of approximately 128′ x 75′ on Madison Avenue and land consisting of approximately 60′ x 130′ on Spadina Avenue together with buildings thereon erected bearing civic number 250 Madison Avenue, Toronto, Ontario.

3. Land and buildings bearing civic number 117-125 East Fourth Avenue, to which is attached buildings bearing civic number 1930-1952 Quebec Street and 116 East Third Avenue in the City of Vancouver, British Columbia. The building on Quebec Street is subject to a first mortgage under which there is now outstanding the approximate amount of $23,500.

4. Land and buildings bearing civic number 1154 Sanford Street in the City of Winnipeg, Manitoba. The above described premises are occupied by the Professional Services Division.

5. A 4-storey building situated at 282 Notre Dame Street West in the City of Montreal, Quebec together with a warehouse in the City of Montreal, Que., both of which are occupied by the head office of Eastern Canada Stevedoring Division.

The principal properties of the subsidiaries of Warnock Hersey are as follows:

Tek Plastics Limited owns six acres of land in the Malton area of Toronto with buildings thereon erected, comprising approximately 80,000 sq. ft. of manufacturing space and office space.

International Bronze Powders Limited owns land with buildings and plants located thereon in Valleyfield, Que. The land has an approximate frontage of 420′ on East Park Street with a depth of approximately 250′. The property is mortgaged to secure $2,000,000 principal amount of Secured Sinking Funds Debentures 6½% Series "A" by virtue of a Trust Deed of Hypothec, Mortgage and Pledge in favour of Montreal Trust Company, dated as of July 1, 1961, and a Supplemental Trust Deed of Hypothec, Mortgage and Pledge between International Bronze Powders Limited and Montreal Trust Company dated December 31, 1968, under which there is now outstanding the approximate amount of $1,625,000.

Princeville Furniture Inc. owns land and buildings on four locations in Princeville, Que., subject to a first mortgage under which there is now outstanding the approximate amount of $738,000.

Henderson Furniture Limited owns approximately 65,000 sq. ft. of land in St. Lambert, Quebec, 25,000 of which are used as a lumber yard and on 40,000 sq. ft. of which a factory is built. The company also owns in St. Bruno, Que., approximately 1,000,000 sq. ft. of land which is presently vacant. The latter property is subject to a first mortgage under which there is now outstanding the approximate amount of $320,000, 6% to 6½%, due 1977.

Drummond Welding and Steel Works Limited owns land on Joliette Street in the City of Jacques-Cartier, Que., on which a shop is built. The company also owns lands and buildings bearing civic number 5370 York Street in the City of Montreal, Que., and at 1105 Pierre-Bertrand Boulevard in the City of Quebec, Que.

The Company and various subsidiaries own real estate as set out in greater detail on pages 10 and 11 hereof under the heading of RECREATION COMPANIES.

DIRECTORS AND OFFICERS

The names and home addresses in full of all directors and officers of the Company and the positions and offices held by each and their principal occupations within the five preceding years are as follows:

Name and Address	Office	Principal Occupation
WILLIAM HOWARD WERT, C.A. 763 Upper Lansdowne Ave., Westmount, Quebec.	President and Director	President of Warnock Hersey International Limited since January 1, 1968; during the period 1964-68, President of International Bronze Powders Limited.
PETER NESBITT THOMSON Pointe Cavagnal, R.R. No. 1, Vaudreuil, Quebec.	Senior Vice President and Director	Deputy Chairman of the Board or Senior Officer of Power Corporation of Canada, Limited for a period in excess of the 5 preceding years.
BYRON THOMAS KERR, P.Eng. 240 First Street, St. Lambert, Quebec.	Executive Vice President and Director	Executive Vice President of Warnock Hersey International Limited since January 1, 1968; during the period 1964-68 President of The Warnock Hersey Company Ltd.
WILBERT DALY ARDELL 2285 Sunset Road, Town of Mount Royal, Quebec.	Executive Vice President and Director	Executive Vice President of Warnock Hersey International Limited since January 1, 1968; during the period 1964-68 President of Canadian Car and Bus Advertising Limited.
JACQUES LEDUC, Q.C. 1344 Mount Royal Blvd., Outremont, Quebec.	Secretary and General Counsel	Secretary of the Company since January 1, 1968; an attorney in private practice during the period 1964-68.
CHARLES GERALD PENNEY, C.A. 2490 Montmartre, Brossard, Quebec.	Treasurer	Treasurer of Warnock Hersey International Limited since January 1, 1968; Treasurer of International Bronze Powders Limited since June, 1965; during the period 1964-1965 a partner in the firm of Sharp, Milne & Co., Chartered Accountants.
BARRON COLLIER, JR. 500 South Ocean Blvd., Palm Beach, Florida.	Director	Chairman of Collier Development Corporation for a period in excess of the 5 preceding years.

EDWARD ANTHONY GALVIN 4103 Crestview Road S.W., Calgary, Alberta.	Director	President of Canadian Industrial Gas and Oil Limited for a period in excess of the 5 preceding years.
ARTHUR BELTON GILL Apartment 106, 400 Kensington Avenue, Westmount, Quebec.	Director	President or Senior Officer of Morgan Trust Company for a period in excess of the 5 preceding years.
RICHARD ARNOLD IRWIN 3555 Cote des Neiges Road, Montreal, Quebec.	Director	President of Consolidated-Bathurst Limited since 1967; during the period 1964-67 President Bathurst Paper Limited.
ROBERT DEWOLFE MACKAY, Q.C., Mount Bruno, Quebec.	Director	A senior partner of Duquet, MacKay, Weldon, Bronstetter, Willis & Johnston, Advocates, Barristers & Solicitors for a period in excess of the 5 preceding years.
THOMAS RODGIE MCLAGAN, O.B.E. 36 Sunnyside Avenue, Westmount, Quebec.	Director	Chairman of the Board of Canada Steamship Lines, Limited for a period in excess of the 5 preceding years.
ROBERT ROSS MCLERNON 35 Aberdeen Avenue, Westmount, Quebec.	Director	President of Acer McLernon, Inc. for a period in excess of the 5 preceding years.
HON. JEAN RAYMOND, Q.C. 1321 Sherbrooke Street W., Montreal, Quebec.	Director	Chairman and President of Alphonse Raymond Limitée for a period in excess of the 5 preceding years.
JEAN SIMARD 159 Les Erables, Laval-sur-le-Lac, Quebec.	Director	Vice President of Marine Industries Limited for a period in excess of the 5 preceding years.
ARTHUR FERDINAND MAYNE 342 Redfern Avenue, Westmount, Quebec.	Director	President of A. F. Mayne & Associates Limited since January 1969; Director and Executive Vice President of The Royal Bank of Canada during the period 1964-1969.
FRANK HOYSE SOBEY Stellarton, Nova Scotia.	Director	Chairman of Sobey Stores Ltd. for a period in excess of the 5 preceding years.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration paid by the Company and its subsidiaries whose financial statements are consolidated with those of the Company to directors and senior officers of the Company as a group for the year ended December 31, 1968 was $216,025 and $55,625 for the three months ended March 31, 1969.

Warnock Hersey does not provide for retirement benefits to directors who are not officers of Warnock Hersey. The estimated annual amount of all retirement benefits proposed to be paid directly or indirectly to senior officers under employment contract in the event of retirement at normal retirement age is $67,000 which includes normal pension benefits. Such benefits have been projected on the assumption that such persons will continue in their employment with Warnock Hersey at present remuneration until attaining normal retirement age (65) and that the present arrangement will continue until then without change.

DIRECTORS' APPROVAL

The contents of this circular have been approved and its delivery has been authorized by the directors of Warnock Hersey at a meeting of the Board of Directors of the Company, held on the 22nd day of April, 1969.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Messrs. Campbell, Sharp, Nash & Field, Chartered Accountants, 715 Victoria Square, Montreal, Que.

Montreal Trust Company at its offices in Montreal and Toronto is the transfer agent and registrar for the Warnock Hersey Preferred Shares and Common Shares.

EXPENSES OF OFFERS AND FINANCIAL ARRANGEMENTS

Legal, auditing, printing, financial, brokerage and miscellaneous expenses of Warnock Hersey relating to the Offer estimated to be approximately $100,000 are to be borne by Warnock Hersey out of its working capital.

Warnock Hersey, from its own working capital, will provide the cash payment required in connection with the International Bronze Offer and in connection with the payment for fractional shares under the Freezers Offer and adequate bank credit has been arranged if required.

AGREEMENT BETWEEN WARNOCK HERSEY AND ANY OF THE DIRECTORS OR OFFICERS OF FREEZERS AND INTERNATIONAL BRONZE

There is no agreement or arrangement between Warnock Hersey and any of the directors or senior officers of Freezers and International Bronze except that Mr. W. Howard Wert, president of International Bronze, has an employment contract with Warnock Hersey respecting his capacity as President of Warnock Hersey.

MATERIAL CHANGE IN FINANCIAL POSITION OR PROSPECT OF FREEZERS AND INTERNATIONAL BRONZE

Warnock Hersey does not know of any information that indicates any change in the financial position or prospects of Freezers or International Bronze since the date of the last published financial statements.

MATERIAL CHANGE IN FINANCIAL POSITION OR PROSPECT OF WARNOCK HERSEY

Except for the information disclosed in the offering circular, Warnock Hersey does not know of any information that indicates any material change in the financial position or prospects of Warnock Hersey since the date of the last published financial statement, December 31, 1968.

WARNOCK HERSEY INTERNATIONAL LIMITED AND SUBSIDIARY COMPANIES

CAPITALIZATION

DESIGNATION OF SECURITIES	Amount authorized or to be authorized	Amount outstanding Dec. 31, 1968	Amount outstanding April 1, 1969	Amount to be outstanding
(A) SHORT TERM SECURED BANK LOANS				
Warnock Hersey International Limited	$ 4,635,000	$ 4,635,000	$ 3,080,000	$ 3,080,000
Sundry indebtedness				
Short term secured bank loans of various Subsidiaries each of which is less than $750,000	10,365,000	3,080,715	3,124,963	3,124,963
Total Short Term Secured Bank Loans	$15,000,000	$ 7,715,715	$ 6,204,963	$ 6,204,963
(B) LONG TERM DEBT				
Warnock Hersey International Limited				
5½% Income debentures, maturing Jan. 6, 1972	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000
6% Note, payable in 23 equal quarterly instalments to Dec. 31, 1974	5,000,000	4,864,841	4,849,874	4,849,874
Sundry indebtedness*	1,541,369	1,541,369	1,541,369	1,541,369
	$ 9,541,369	$ 9,406,210	$ 9,391,243	$ 9,391,243
International Bronze Powders Limited and Subsidiaries				
6½% Secured sinking fund debentures, maturing in 1981, payable in annual instalments of $125,000	$ 2,000,000	$ 1,516,000**	$ 1,516,000**	$ 1,516,000
Sundry indebtedness*	1,097,532	1,097,532	1,036,423	1,036,423
	$ 3,097,532	$ 2,613,532	$ 2,552,423	$ 2,552,423
North American Recreation Industries Limited and Subsidiaries				
Sundry indebtedness*	$ 3,546,114	$ 2,715,885	$ 2,391,885	$ 2,391,885
All other Sundry Indebtedness of Subsidiaries*	$ 3,763,683	$ 3,763,683	$ 3,499,642	$ 3,499,642
Total Long Term Debt	$19,948,698	$18,499,310	$17,835,193	$17,835,193

*Consists of individual items of indebtedness each of which is less than $750,000.
**After deducting $109,000 of Debentures held by International Bronze.

DESIGNATION OF SECURITIES	Amount authorized or to be authorized	Amount outstanding Dec. 31, 1968	Amount outstanding April 1, 1969	Amount to be outstanding
(C) SHARE CAPITAL				
Warnock Hersey International Limited				
Preferred shares of $25. par value, issuable in series	$ 7,500,000 (300,000 shs.)			
$1.50 Series "A" cumulative, redeemable at $26.25		$ 2,500,000 (100,000 shs.)	$ 2,850,000 (114,000 shs.)	$ 3,947,725 * (157,909 shs.)
Common shares of no par value	3,000,000 shs.	1,762,143 shs.	1,791,703 shs.	*1,855,966 shs.

*Predicated on the basis that the shareholders of International Bronze Powders Limited all accept shares in exchange for their holdings, and that all shareholders of Trans Canada Freezers Limited accept the offer, and ignoring the effect of any cash payments to the shareholders of Trans Canada Freezers Limited for fractional shares.

WARNOCK HERSEY INTERNATIONAL LIMITED AND SUBSIDIARY COMPANIES

	For the Fiscal Years Ended in			*Shortened Periods	For the Years Ended December 31	
Consolidated Statement of Income	1964	1965	1966		1967	1968
INCOME						
Gross revenue from operations	$20,972,510	$40,725,165	$47,968,080	$23,499,144	$56,414,784	$64,285,443
Income from investments	550,032	719,665	655,334	255,641	834,865	707,311
	$21,522,542	$41,444,830	$48,623,414	$23,754,785	$57,249,649	$64,992,754
EXPENSES						
Operating and administrative	19,075,469	36,325,579	43,157,137	20,703,356	51,170,716	61,027,262
Depreciation	498,345	1,177,438	1,086,981	262,177	1,307,242	1,447,641
Interest on long term debt	360,320	437,493	549,213	90,237	562,958	782,122
Income taxes	720,928	1,784,745	2,105,537	1,308,663	2,001,443	1,331,128
Minority interest in profits (losses) of Subsidiaries	225,922	64,706			74,499	(108,615)
	$20,880,984	$39,789,961	$46,898,868	$22,364,433	$55,116,858	$64,479,538
NET INCOME	$ 641,558	$ 1,654,869	$ 1,724,546	$ 1,390,352	$ 2,132,791	$ 513,216
Consolidated Statement of Surplus						
CONSOLIDATED SURPLUS—beginning of period	$ 7,093,415	$ 8,623,970	$9,272,979	$ 9,024,143	$ 9,894,081	$ 6,830,692
Add (Deduct):						
Adjustment arising from intercompany investments between companies that were subsequently amalgamated		(2,333,548)	(2,331,767)		(5,447,857)	(1,574,989)
	7,093,415	6,290,422	6,941,212	9,024,143	4,446,224	5,255,703
Net income for period	641,558	1,654,869	1,724,546	1,390,352	2,132,791	513,216
Gain on disposal of—Investments	1,106,696	2,139,299	722,056		629,545	5,912,103
—Real estate					168,892	
Difference between cost of investments in Subsidiaries and the underlying book value	152,910	(518,773)	(18,164)		(293,670)	(1,589,715)
Expenses in connection with preferred stock issue	(205,590)					
Non-recurring costs arising from acquisition of the Galley Manfacturing facilities						(462,860)
Dividends paid	(165,019)	(292,838)	(345,507)	(520,414)	(253,090)	(712,234)
CONSOLIDATED SURPLUS—end of period	$ 8,623,970	$ 9,272,979	$ 9,024,143	$ 9,894,081	$ 6,830,692	$ 8,916,213

*During the course of 1965 and 1966, December 31 was adopted as the standard year end for all Companies within the Group. Accordingly, this column includes the operating results for the shortened fiscal periods of those Companies that were required to make the change.

WARNOCK HERSEY INTERNATIONAL LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

December 31, 1968

Assets

CURRENT:	
Cash and call deposits	$ 2,038,488
Marketable securities, at average cost (market value $28,850,000)	15,688,595
Accounts receivable	15,640,513
Inventories of raw materials, work in process, finished goods and supplies, valued at the lower of cost and net realizable value	6,907,077
Prepaid expenses	1,147,575
	$41,422,248
OTHER INVESTMENTS at average cost	
Unconsolidated Subsidiaries (Note 2)	$ 1,916,610
Unquoted Securities	4,068,278
	$ 5,984,888
FIXED:	
Land, buildings, machinery, aircraft and equipment, at cost	$36,785,572
Less: Accumulated depreciation	14,760,982
	$22,024,590
	$69,431,726

Liabilities

CURRENT:	
Bank indebtedness—partly secured	$13,098,642
Accounts, payable and accrued	11,455,814
Income and other taxes	1,222,809
Dividend payable	37,500
Long term debt and sinking fund requirements, due within one year	2,061,186
	$27,875,951
LONG TERM DEBT—secured, less amounts due within one year (Note 3)	
5½% Income debentures, maturing in 1972	$ 3,000,000
6½% Secured sinking fund debentures, maturing in 1981	1,391,000
6% Notes, payable in quarterly instalments to December 31, 1974	4,230,296
Bank and other loans (Note 4)	7,816,828
	$16,438,124
DEFERRED income taxes and other deferred credits	$ 265,447
MINORITY INTEREST in subsidiaries	$ 2,729,210

Shareholders' Equity

CAPITAL STOCK (Note 5)	
Preferred shares of $25. par value, issuable in series:	
Authorized—300,000 shares	
Issued —100,000 shares	
$1.50 Series "A" cumulative, redeemable at $26.25	$ 2,500,000
Common shares of no par value:	
Authorized—3,000,000 shares	
Issued —1,762,143 shares	10,706,781
	13,206,781
CONSOLIDATED SURPLUS	8,916,213
	$22,122,994
	$69,431,726

On behalf of the Board:

W. Howard Wert, Director; P. N. Thomson, Director.

WARNOCK HERSEY INTERNATIONAL LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 1968

	Common Shares	Preferred Shares	Notes (Principal Amount)	Average Cost	Quoted at Market Value
QUOTED SECURITIES					
American Sterilizer Company—Note 7	132,000			$ 5,153,647	$ 4,740,120
Bahamas-Caribbean Development Corporation Limited (38%)	1,715,190			1,060,519	1,509,361
Deltona Corporation	26,115			256,825	1,396,108
Grouse Mountain Resorts Ltd. (28%)	27,237	171,704		522,208	684,056
Power Corporation of Canada, Limited (29%)	50,000	*1,125,000		8,496,486	20,106,250
Miscellaneous				198,910	414,105
				$15,688,595	$28,850,000
UNQUOTED SECURITIES					
Bahamas-Caribbean Development Corporation Limited		500,000	$1,000,000	$ 1,250,000	
Canadian Inspection & Testing Company Ltd. (40%)	334			218,354	
Combined Estates Corporation	57,620	12,530		254,029	
Meagher's Distillery Ltd. (30%)	239,400	20,000		649,043	
RoyWest Banking Corporation	250,000			750,000	
Miscellaneous				946,852	
				$ 4,068,278	
UNCONSOLIDATED SUBSIDIARIES					
North America Trust Company (62.3%)	6,229			$ 666,610	
Yorkshire Financial Corporation Limited (61.4%)	200,000			1,250,000	
				$ 1,916,610	

( ) Denotes percentage of voting interest if in excess of 5%.

* Comprises 525,000 5% Convertible Preferred Shares and 600,000 6% Participating Preferred Shares.

WARNOCK HERSEY INTERNATIONAL LIMITED AND SUBSIDIARY COMPANIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1968

Note 1: Warnock Hersey International Limited is the result of the following amalgamations: December 30, 1967 — Foreign Power Securities Corporation Limited and its wholly-owned subsidiaries: The Warnock Hersey Company Ltd., Warnock Hersey Soil Investigations Ltd., and Canadian Car and Bus Advertising Limited;

July 2, 1968 — The resulting company with Canadian Power & Paper Securities Limited, a partially-owned subsidiary;

December 31, 1968 — The resulting company with Eastern Canada Stevedoring Ltd., a wholly-owned subsidiary.

The consolidated statements of Income and Surplus include, in each of the periods under review, the consolidated accounts of all the companies that have been amalgamated to form Warnock Hersey International Limited, the result of which is to give a retroactive effect of the said amalgamations.

Note 2: Principles of consolidation: The attached consolidated financial statements include the accounts of the Company and its subsidiaries except North America Trust Company and Yorkshire Financial Corporation Limited as their operations are of a fiduciary and financial nature. The Company's proportion of the net income of these subsidiaries for the year and the aggregate accumulated earnings since acquisition is immaterial.

The operating results of subsidiaries acquired and those of a subsidiary sold are included only from the dates of acquisition or to the date of sale, except for one subsidiary acquired in August 1968 at a price that took into account the fact that a subsantial loss would be incurred during the remainder of the fiscal period. The accounts of this subsidiary are included in the attached consolidated financial statements only to the extent of assets and liabilities and the operating results will be consolidated commencing from January 1, 1969.

Note 3: As is customary, the trust deed relating to each of the debenture issues contains certain restrictions pertaining to the issue of additional long term debt, the payment of dividends, the reduction of capital and the maintenance of working capital. The Secured Sinking Fund Debentures are outstanding in a subsidiary company.

Note 4: Bank and other loans represent a variety of long term loans, including mortgages and debentures, most of which are outstanding in subsidiary companies and each of which is less than $1,000,000 having a variety of maturity dates and rates of interest.

Note 5: During the year, 52,841 common shares of the Company were issued in exchange for 158,526 common shares or 71.2% of Trans Canada Freezers Limited. The Company has agreed to make the same offer available to the remaining shareholders of Trans Canada Freezers Limited, which if accepted by all would involve the issue of an additional 20,354 common shares by the Company.

Subsequent to December 31, 1968, a total of 29,560 common shares and 14,000 preferred shares have been issued in exchange for all the issued shares of The Chantecler Hotel Co. (1963) Ltd., Chantecler Enterprises Inc. and Audet Plastics Specialties Inc.

Note 6: The Company has entered into an agreement with Gelco Enterprises Limited which provides for joint action in the election of directors of Power Corporation of Canada, Limited and, in the event that either party desires to dispose of any substantial number of the Participating Preferred Shares of Power Corporation of Canada, Limited for a right of first refusal in favour of the other party, with provision for substantial damages in the event of non-compliance by either party.

Capital Management Limited, a subsidiary company, and its subsidiary, All-Canadian Group Distributors Limited, are defendants in various lawsuits arising out of a management agreement but legal counsel is of the opinion that such lawsuits are unfounded. The latter subsidiary is defendant in a lawsuit arising out of an insurance agreeement against which a counterclaim has been made and management considers that the company's possible net liability is immaterial.

Note 7: During the year a subsidiary, International Bronze Powders Limited, acquired 175,000 shares (of which 43,000 were subsequently sold) of American Sterilizer Company in consideration for the sale of a wholly-owned subsidiary, Ingram & Bell, Limited. These shares were recorded at the quoted market price of U.S. $36 per share at the time of the transaction. The remaining 132,000 shares carry investment letter restrictions.

AUDITORS' REPORTS

To the Directors,

Warnock Hersey International Limited.

We have examined the consolidated balance sheet of Warnock Hersey International Limited and subsidiary companies as at December 31, 1968 and the consolidated statements of income and surplus for the five fiscal years ended December 31, 1968 and the shortened periods ended therein. For those companies of which we are the auditors, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied upon the reports of the auditors who have examined the financial statements of the other companies.

In our opinion, based upon our examination and the reports of the other auditors referred to above, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations for the aforementioned fiscal periods, in accordance with generally accepted accounting principles applied on a consistent basis.

(signed) CAMPBELL, SHARP, NASH & FIELD
Chartered Accountants.

Montreal, Que.
April 21, 1969.

To the Directors,

Warnock Hersey International Limited.

In our opinion the consolidated schedule of investments of Warnock Hersey International Limited and subsidiary companies as at December 31, 1968 presents fairly the information it purports to show.

(signed) CAMPBELL, SHARP, NASH & FIELD
Chartered Accountants.

Montreal, Que.
April 21, 1969.

CONSENT OF AUDITORS

To Warnock Hersey International Limited

We hereby consent to the use of our reports dated April 21, 1969 on the consolidated balance sheet and the consolidated schedule of investments of Warnock Hersey International Limited and subsidiary companies as at December 31, 1968 and the consolidated statements of income and surplus for the five fiscal years ended December 31, 1968 and the shortened periods ended therein appearing in the circular dated April 21, 1969 accompanying the Offers by Warnock Hersey International Limited to the shareholders of Trans Canada Freezers Limited and International Bronze Powders Limited.

(signed) CAMPBELL, SHARP, NASH & FIELD
Chartered Accountants.

Montreal, Que.
April 21, 1969.

SUMMARY OF THE ATTRIBUTES AND CHARACTERISTICS RELATING TO THE COMMON AND PREFERRED SHARES OF THE COMPANY

Dividends:

The Company paid in respect of the year ended December 31, 1968, a dividend of 32¢ on each common share. Further particulars as to the payment of dividends by the Company in recent years are set forth under the heading DIVIDEND RECORD on page 22.

Voting Rights:

The holders of the common shares are entitled to one vote per share at all meetings of shareholders.

Preferences:

As of the date of this Offer, Warnock Hersey has 114,000 Series "A" $1.50 cumulative preferred shares outstanding of the par value of $25 each, redeemable at $26.25. The preferred share provisions provide for a Purchase Fund equal to 4% of the amount issued or 4,000 shares, whichever is greater. The Company's common shares are subject to the priority of both dividend and capital of the said preferred shares. The Company's preferred shareholders are not entitled to vote unless the dividends thereon are two years in arrears. The rights, restrictions, conditions and limitations attaching to the preferred shares of the par value of $25 each, as a class, and to the $1.50 Cumulative Redeemable Preferred Shares, Series "A" are set forth in detail in the Appendix annexed hereto.

Listings:

The Company's preferred and common shares are listed on the Montreal Stock Exchange.

PRINCIPAL HOLDERS OF SECURITIES

As of April 1, 1969, the common shares without par value of Warnock Hersey (being the only shares, the holders of which are entitled to vote at meetings of shareholders) owned of record or beneficially, directly or indirectly by each person or company who owns of record, or is known to Warnock Hersey to own beneficially, directly or indirectly, more than 10% of such common shares was as follows:

Name and Address	Designation or Class	Type of Ownership	Number of Shares owned	Percentage of Class
Peter N. Thomson RR #1, Pointe Cavagnal, Vaudreuil, Que.	Common	Of record and beneficial	920,717	51.38%

As at April 1, 1969, the directors and senior officers of the Company as a group, including Mr. Thomson's holdings as set out above, beneficially owned, directly or indirectly, 1,229,590 common shares or 68.6% of the outstanding common shares of the Company.

PRIOR SALES

As indicated in this offer, on the 30th day of October, 1968, Warnock Hersey made an offer to buy from Mr. Peter N. Thomson 62,272 common shares, from Mr. Robert R. McLernon 44,946 common shares and from Mr. Willis S. McLeese 51,308 common shares of Freezers which offer was accepted by the three above-mentioned shareholders on November 1, 1968. In exchange for the said 158,526 common shares of Freezers, Warnock Hersey issued 52,841 common shares in the aggregate on the basis of one common share of Warnock Hersey for three common shares of Freezers.

In January 1969, Warnock Hersey acquired all the issued and outstanding shares of The Chantecler Hotel Co. (1963) Ltd. and Chantecler Enterprises Inc. and as consideration for the transaction Warnock Hersey issued 20,000 common shares and 14,000 preferred shares. The issue price of the common shares was fixed at $12.75 per share and the issue price of the preferred shares was fixed at $25 per share.

In February 1969, Warnock Hersey acquired all the issued and outstanding shares of Audet Plastics Specialties Inc. for the consideration of $95,000 paid to the shareholders of Audet Plastics Specialties Inc. by the issue to them of 9,560 common shares of Warnock Hersey.

MARKET PRICE RANGE AND VOLUME OF SHARES OF FREEZERS, INTERNATIONAL BRONZE AND WARNOCK HERSEY

The following is a summary showing the market price range in dollars per share and the volume of trading of the common shares of Freezers on the Canadian Stock Exchange, the common and preferred shares of International Bronze on the Montreal and Toronto stock exchanges, and of Warnock Hersey on the Montreal Stock Exchange in the six-month period preceding the date of this Offer:

	Freezers		
Month of	Volume	High	Low
October, 1968	1,350	3.45	2.25
November	250	2.90	2.85
December	2,000	2.85	2.85
January, 1969	1,285	4.00	2.85
February	120	2.85	2.85
March	100	2.85	2.50

	Warnock Hersey					
	Preferred			Common		
Month of	Volume	High	Low	Volume	High	Low
October, 1968	890	19¾	19¾	3,500	13½	12½
November	2,836	19⅞	19½	1,900	13	12½
December	850	19	19	3,400	11⅞	10
January, 1969	200	19	18½	7,200	10¾	10
February	120	18½	18½	5,200	10½	9¾
March	315	17	17	1,800	10	9½

	International Bronze Common					
	Montreal Stock Exchange			Toronto Stock Exchange		
Month of	Volume	High	Low	Volume	High	Low
October, 1968	250	25¾	25¾	55	25½	25½
November	—	—	—	300	26½	26½
December	—	—	—	500	30	30
January, 1969	—	—	—	225	30	28
February	50	26½	26½	—	—	—
March	350	27	26	—	—	—

	International Bronze Preferred					
	Montreal Stock Exchange			Toronto Stock Exchange		
Month of	Volume	High	Low	Volume	High	Low
October, 1968	—	—	—	295	26½	25½
November	—	—	—	—	—	—
December	—	—	—	—	—	—
January, 1969	—	—	—	50	26	26
February	—	—	—	50	26	26
March	50	30	30	575	29¾	26

DIVIDEND RECORD OF WARNOCK HERSEY

Warnock Hersey has paid dividends on its outstanding common shares in respect of the calendar year 1968 and the first quarter of 1969 and on its outstanding preferred shares from July 2, 1968 to March 31, 1969; a predecessor company, Canadian Power & Paper Securies Limited, has paid dividends on its preferred shares (which were exchanged for Warnock Hersey preferred shares upon amalgamation, July 2, 1968) from date of issue in 1964 to the date of amalgamation with Warnock Hersey as follows:

	Canadian Power & Paper Securities Limited	Warnock Hersev	
Calendar Year	$1.30 Series "A" Preferred Shares	$1.50 Series "A" Preferred Shares	Common Shares
	per share	per share	per share
1964	41¢	—	—
1965	$1.30	—	—
1966	$1.30	—	—
1967	$1.30	—	—
1968 to July 2	65¢	—	16¢
from July 2		72¢	16¢
1969 to March 31		37.5¢	08¢

TRADING IN FREEZERS AND INTERNATIONAL BRONZE COMMON SHARES DURING THE SIX-MONTH PERIOD PRECEDING THE DATE OF THE OFFER

No Freezers or International Bronze common shares have been traded by Warnock Hersey, any director or senior officer of Warnock Hersey or their associates or to the knowledge of the directors and senior officers of Warnock Hersey by any person or company who beneficially owns directly or indirectly Warnock Hersey common shares carrying more than 10% of the voting rights attached to all common shares of Warnock Hersey for the time being outstanding other than the following:

A. Refer to the second paragraph of PRIOR SALES on page 21 of this Offer.

B.

Name	Date of Purchase	Date of Sale	Number of Shares Purchased or Sold	Price of Shares Purchased or Sold
Warnock Hersey Purchases of Freezers Common Shares.	Jan. 2/69	—	200	2.85
	Jan. 3/69	—	60	2.85
	Jan. 7/69	—	50	2.85
	Jan. 10/69	—	25	2.75
	Feb. 5/69	—	120	2.85
	Mar. 20/69	—	25	2.50
	Mar. 31/69	—	75	2.85
	Apr. 1/69	—	20	2.85
	Apr. 8/69	—	10	2.75
	Apr. 8/69	—	300	2.85
Warnock Hersey Purchases of International Bronze Common Shares.	Apr. 1/69	—	30	25.00

OWNERSHIP OF FREEZERS AND INTERNATIONAL BRONZE SHARES

No Freezers common shares and no common and preferred shares of International Bronze are owned as of the date hereof by Warnock Hersey, any director or senior officer of Warnock Hersey or their associates or to the knowledge of the directors and senior officers of Warnock Hersey by any person or company who beneficially owns directly or indirectly Warnock Hersey common shares carrying more than 10% of the voting rights attached to all common shares of Warnock Hersey for the time being outstanding other than the following:

A. Warnock Hersey owns 161,611 Freezers common shares.

B. Warnock Hersey owns 66,358 preferred shares and 89,733 common shares of International Bronze.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Mr. P. N. Thomson is a director of the Company and the controlling shareholder. He is also a director of Power Corporation of Canada, Limited, Canadian Interurban Properties Limited, Canada Steamship Lines Limited, Inspiration Limited and a former director of Canadian Power & Paper Securities Limited. As such Mr. Thomson is interested in transactions Nos. 1 to 5 inclusive.

Mr. W. Howard Wert, the President of the Company, is a director of Power Corporation of Canada, Limited, Inspiration Limited, a former director of Canadian Power & Paper Securities Limited and chairman of Canadian Interurban Properties Limited. As such Mr. Wert is interested in transactions Nos. 1, 4 and 5.

Mr. Jean Simard is a director of the Company and a director of Canadian Interurban Properties Limited and as such is interested in transaction No. 5.

Mr. Robert R. McLernon, a director of the Company, is interested in transaction No. 2.

Mr. T. R. McLagan, a director of the Company, is also a director of Canada Steamship Lines Limited and as such is interested in transaction No. 3.

1. On August 8, 1968, the Company entered into an agreement with Power Corporation of Canada, Limited, whereby Power Corporation of Canada, Limited agreed to give or cause to be given in exchange to the Company, all its holdings in certain companies including, principally, Bahamas-Caribbean Development Corporation Limited, Capital Management Limited, RoyWest Banking Corporation, North American Recreation Industries Limited (excluding its interest in Quebec Telemedia Inc. and North American Cinema Centers Ltd.), Hafner Fabrics of Canada Ltd., Nova Beaucage Mines Ltd., West Wasa Mines Ltd., All-Canadian Group Distributors Limited, C.M. Investments Limited (owner of 61.4% of outstanding common shares of Yorkshire Financial Corporation Limited) and Drummond Welding and Steel Works Ltd., for all holdings of Warnock Hersey in Canadian Interurban Properties Limited (250,000 Common Shares), Consolidated-Bathurst Limited (20,500 Preferred Shares; 50,000 Common Shares), Dominion Glass Company Limited (15,000 Common Shares), Laurentide Financial Corporation Limited (1,000 $2 Cumulative Preferred Shares), Northern and Central Gas Corporation Ltd. (60,000 Common Shares) and the Company's Promissory Note in the amount of $5,000,000 payable to Power Corporation of Canada, Limited with interest payable quarterly at the rate of six per cent (6%) per annum and with capital instalments payable quarterly commencing June 30, 1969, and ending December 31, 1974, and with a pledge of certain of the securities acquired by the Company.

2. On November 1, 1968, the Company acquired in the aggregate 158,526 Common Shares of the capital stock of Freezers from Messrs. P. N. Thomson (62,272), Robert R. McLernon (44,946) and Willis S. McLeese (51,308). Mr. McLeese was and is now president and director of Freezers.

3. On December 30, 1968, the Company purchased from Canada Steamship Lines Ltd. the Manoir Richelieu at Pointe-au-Pic (Murray Bay), P.Q. including all the adjoining buildings on the property and their contents. The purchase price of the said Manoir Richelieu property hereinabove described was $1,000,000 payable $250,000 at the Closing, and $250,000 on the next three anniversary dates of the Closing with interest at the rate of eight per cent (8%) per annum on any unpaid purchase price.

4. The Company bought on August 31, 1968 from Inspiration Limited, 517,119 shares of Nova Beaucage Mines Limited for $125,000.

5. In November 1968, Canadian Interurban Properties Limited, a subsidiary of Power Corporation of Canada, Limited, sold to North America Trust Company (North America) all its holdings in Combined Estates Corporation, Morgan Insurance Services Ltd. and Marco Island Development Corporation Limited for an aggregate price of $1,122,856.84. North America is a subsidiary of the Company and acted as principal and agent.

6. On April 26, 1968, Canadian Power & Paper Securities Limited entered into an agreement with Gelco Enterprises Ltd., providing that Gelco Enterprises Ltd., subject to certain conditions, would make an offer to all the holders (except those resident in the United States) of 6% Non-Cumulative Participating

Preferred Shares of the par value of Five dollars ($5) each of the capital stock of Power Corporation of Canada, Limited, to exchange one and one-half of the 5% Cumulative Redeemable Convertible Second Preferred Shares Series "A" of the par value of Twelve dollars ($12) each of the capital stock of Power Corporation of Canada, Limited, for each such Participating Preferred Share and it was further agreed that Canadian Power & Paper Securities Limited would accept the Gelco Enterprises Ltd. offer in respect of at least 200,000 and not more than 250,000 of such Participating Preferred Shares held by it.

The agreement also provided for joint action by Canadian Power & Paper Securities Limited and Gelco Enterprises Ltd. in the election of directors of Power Corporation of Canada, Limited and in the event that either party desires to dispose of any substantial number of its Participating Preferred Shares, there is a right of first refusal in favour of the other party with provision for subsantial damages in the event of non-compliance by either party.

Pursuant to the said agreement, Gelco Enterprises Ltd. acquired from the Company 200,000 of the said 6% Non-Cumulative Participating Preferred Shares of Power Corporation of Canada, Limited and the Company acquired 300,000 of the said 5% Cumulative Redeemable Convertible Second Preferred Shares Series "A" of Power Corporation of Canada, Limited.

7. On April 26, 1968, the Company agreed to sell to Gelco Enterprises Ltd. 750,000 Common Shares of Canadian Interurban Properties Limited for $3,000,000.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business the only contracts which are presently material entered into by Warnock Hersey and its subsidiaries over and above those referred to under the heading of INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS within the two years prior to the date of the Offer are as follows:

1. On April 26, 1968, the Company agreed to purchase from Gelco Enterprises Ltd. all of the outstanding shares of Henderson Furniture Limited and Les Ameublements Princeville Inc. and 100,000 5% Cumulative Redeemable Convertible Preferred Shares "A" of Power Corporation of Canada, Limited for an aggregate amount of $3,000,000.

2. During the year a subsidiary, International Bronze Powders Limited, acquired 175,000 shares (of which 43,000 were subsequently sold) of American Sterilizer Company in consideration for the sale of a wholly-owned subsidiary, Ingram & Bell, Limited. These shares were recorded in the company's accounts at the quoted market price of U.S. $36 per share at the time of the transaction. The remaining 132,000 shares carry investment letter restrictions.

3. On December 31, 1968, the Company purchased from Metrocan Limited all the outstanding shares of The Chantecler Hotel Co. (1963) Ltd. and Chantecler Enterprises Inc. in exchange for 14,000 $1.50 Cumulative Redeemable Preferred Shares Series "A", of the par value of $25 each, and 20,000 Common Shares, without nominal or par value, of the Company.

4. In February 1969, Bahamas-Caribbean Development Corporation Limited issued rights to the holders of its common shares to subscribe for common shares at the price of 0.50¢ per share on the basis that shareholders of record on February 14, 1969, were given the right to subscribe for one and one-half common shares for each common share held at such time. Warnock Hersey exercised its rights and now owns 4,287,970 common shares of Bahamas-Caribbean Development Corporation Limited. In payment for the additional shares, in accordance with the offering, the Company submitted for cancellation all of the issued and outstanding 6% Cumulative Participating Voting Preferred Shares of Bahamas-Caribbean Development Corporation Limited held by it and gave full discharge of an indebtedness represented by an 8½% Promissory Note for $1,000,000, due in June 1969 by Bahamas-Caribbean Development Corporation Limited and held by the Company.

5. On the 11th of November, 1968, Freezers made an offer to acquire all of the issued and outstanding common shares, preferred shares and debentures of Interprovincial Freezers Limited. The offer was made through North America Trust Company, as agent. As of the 1st of April, 1969, Freezers had acquired 584,964 common shares, 247,482 preferred shares and $297,482.00 of the debentures of Interprovincial Freezers Limited.

6. Other material contracts entered into with the Company and/or subsidiaries are as follows:

a) An agreement with Power Corporation of Canada, Limited, dated August 8, 1968, providing for the exchange of various securities.

b) An agreement between the Company and Messrs. P. N. Thomson, Robert R. McLernon and Willis S. McLeese dated November 1, 1968, in connection with the acquisition by the Company of Freezers shares.

c) An agreement between Canada Steamship Lines Limited and the Company dated December 30, 1968, in connection with the purchase by the Company of the Manoir Richelieu.

d) An agreement between the Company and Inspiration Limited dated August 31, 1968, in connection with the purchase by the Company of shares of Nova Beaucage Mines Ltd.

e) An agreement between Canadian Interurban Properties Limited and North America Trust Company in connection with the purchase by the Company of shares of Combined Estates Corporation, Morgan Insurance Services Limited and Marco Island Development Corporation in November 1968.

f) An agreement between the Company and Gelco Enterprises Limited by which Gelco Enterprises Limited acquired from the Company 200,000 6% Non-Cumulative Participating Preferred Shares of Power Corporation of Canada, Limited and the acquisition by the Company of 300,000 5% Cumulative Redeemable Convertible Second Preferred Shares Series "A" of Power Corporation of Canada, Limited.

g) An agreement between the Company and Gelco Enterprises Limited in connection with the sale by the Company to Gelco Enterprises Limited of 750,000 common shares of Canadian Interurban Properties Limited for $3,000,000.

All said contracts are more fully described under the heading INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.

7. Copies of the foregoing agreements may be inspected during ordinary business hours at the head office of Warnock Hersey.

LITIGATION

Capital Management Limited, a consolidated subsidiary of Warnock Hersey, and Capital Management's subsidiary, All-Canadian Group Distributors Limited, are defendants in various law suits arising out of a management agreement but legal counsel is of the opinion that such law suits are unfounded. All-Canadian Group Distributors Limited is also defendant in a law suit arising out of an insurance agreement against which suit a counter claim has been made and management considers that the possible net liability is immaterial. Further details of these proceedings are set out below:

In October 1965, All-Canadian Distributors Limited instituted proceedings in the Superior Court in Montreal (No. 695698) against the former management of All-Canadian Group Distributors Limited and Capital Associates Ltd., in which proceedings Capital Management Limited has been joined as mis-en-cause, for damages relating to their management of All-Canadian Group Distributors Limited and for moneys owing to All-Canadian Group Distributors Limited. The amount claimed, as amended, is $1,363,771.75. Those proceedings have not yet been heard by the Superior Court.

In October 1965, All-Canadian Group Distributors Limited instituted proceedings in the Superior Court in Montreal (No. 696106) against Capital Associates Ltd., in which proceedings Capital Management Limited has been joined as mis-en-cause, for moneys owned pursuant to contract and for rent in the total amount of $92,973.00. These proceedings have not yet been heard by the Superior Court.

In April 1966, All-Canadian Group Distributors Limited instituted two separate proceedings in the Superior Court in Montreal (Nos. 704808 and 704809) against two members of the former management of All-Canadian Group Distributors Limited for moneys owing All-Canadian Group Distributors Limited in the respective amount of $6,392.07 and $21,554.76. These proceedings have not yet been heard by the Superior Court.

In October 1966, two members of the former management of All-Canadian Group Distributors Limited (and, in two cases, Capital Associates Ltd.) instituted proceedings in the Superior Court in Montreal (Nos. 721060, 721438 and 721767) against All-Canadian Group Distributors Limited (and, in two cases, others) claiming damages for alleged libelous statements in the respective amounts of $1,080,000, $1,100,000 and $100,000. These proceedings have not yet been heard by the Superior Court.

In January 1967, Industrial Life Insurance Company instituted proceedings in the Civil Courts of Quebec against All-Canadian Group Distributors Limited for a claim of $182,907 allegedly owing to Industrial Life Insurance Company as a result of the cancellation of the contract covering the plan insurance coverage. The claim has been contested and cross demand filed in the amount of $68,442. These proceedings have not yet been heard by the Superior Court.

In April 1967, Edmund R. Van Vogt, of the former management of All-Canadian Group Distributors Limited, instituted proceedings in the Supreme Court of Ontario (No. 2742) against that company claiming damages in the sums of $1,244,192.44 for breach of contract, $553.80 for refundable expenses and $1,279.25 for payment of a stopped cheque as well as a declaration by the Court respecting commissions on sales in an undetermined amount. A stay of proceedings has been ordered by the Supreme Court of Ontario.

In September 1965, Arthur Van Vogt, a brother of one of the former management of All-Canadian Group Distributors Limited, instituted action against that company in the Court of Queen's Bench of the Province of Manitoba (1084/65) for the sum of $43,904.94 and certain commissions. A statement of defence has been filed and examinations of witnesses have taken place.

In June 1967, Capital Associates Limited and certain of its officers instituted proceedings in the Superior Court at Montreal (737-154) against All-Canadian Group Distributors Limited, Capital Management Limited and certain of its directors and past directors as defendants with respect to damages alleged to have resulted from the termination of their contract and the dismissal of the operating management of All-Canadian Group Distributors Limited, in the total amended amount of $33,041,259.00. These proceedings have not yet been heard by the Superior Court.

WARNOCK HERSEY INTERNATIONAL LIMITED

APPENDIX

The following is a description of the rights, restrictions, conditions and limitations of the Company's capital stock:

PREFERRED SHARES OF THE PAR VALUE OF $25 EACH

The said Three Hundred Thousand (300,000) preferred shares of the par value of Twenty-five Dollars ($25.00) each, (hereinafter called "Preferred Shares") shall, as a class, carry and be subject to the following rights, restrictions, conditions and limitations, that is to say:

(a) The Preferred Shares may at any time and from time to time be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of the directors of the Company. The number of shares in any series may from time to time be increased by the directors upon compliance with the same conditions as are applicable to the issue of shares of a new series, provided, however that the additional shares of any particular series so increased shall have the same designation and shall carry and be subject to the same rights, restrictions, conditions and limitations as are attached to the Preferred Shares of such particular series, the number of which is being increased.

(b) The directors of the Company may by resolution fix from time to time, before the issue thereof, the designation, rights, restrictions, conditions and limitations to be attached to each respective series of Preferred Shares and to which the same shall be subject, including, but without in any way limiting or restricting the generality of the foregoing, the rate or amount of preferential dividends, the date or dates from which any such preferential dividends shall accrue and whether the same shall be cumulative or non-cumulative, the right of the Company to purchase the same and to redeem the same out of capital pursuant to the provisions of subsection (3) of section 49 of the Canada Corporations Act or to purchase the same and to redeem the same pursuant to the provisions of section 61 of the said Act, and the consideration and the terms and conditions of any such purchase or redemption, conversion rights, if any, the terms and conditions of any share purchase plan or sinking fund, the restrictions, if any, respecting payment of dividends on the Common Shares or on any other shares ranking after the Preferred Shares and any other provisions or attributes to be attached to and carried by and to which shall be subject the Preferred Shares of any such series, the whole subject to the issue of supplementary letters patent setting forth the designation, rights, restrictions, conditions and limitations to be attached to the Preferred Shares of any such series and to which the same shall be subject. The foregoing provisions of this paragraph (b) shall not apply in respect of the first series of Preferred Shares for which provision is hereinafter contained.

(c) The Preferred Shares shall entitle the holders thereof to preference with respect to the payment of dividends over the Common Shares of the Company and any other shares of the Company ranking after the Preferred Shares, and each respective series of Preferred Shares which may from time to time be authorized to be issued may also entitle the holders thereof to such other preferences over the Common Shares of the Company and any other

shares of the Company ranking after the Preferred Shares as may be determined by resolution of the directors of the Company in respect of each such respective series and stated in any supplementary letters patent setting forth the designation, rights, restrictions, conditions and limitations to be attached to the Preferred Shares of any such series and to which the same shall be subject.

(d) The Preferred Shares of each series shall rank equally with the Preferred Shares of every other series (unless the resolution of the directors of the Company and the supplementary letters patent aforesaid establishing any particular series shall expressly provide that such series shall be subordinate in any respect therein specified to any or all other series of Preferred Shares) in priority with respect to the payment of any dividend or premium, if any, which may from time to time be payable thereon by the Company and with respect to the distribution of assets by the Company in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs. If, upon any such liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the assets of the Company be insufficient to permit the payment in full to the holders of all Preferred Shares of the amounts then distributable to them, then the entire assets of the Company shall be distributed among the holders of the Preferred Shares then outstanding in accordance with their respective rights before any amount shall be paid to, or any assets of the Company distributed amongst holders of the Common Shares or of any other shares of the Company ranking after the Preferred Shares.

(e) The holders of the Preferred Shares shall not be entitled as of right to subscribe for or to purchase or receive any part of any shares, bonds, debentures or other securities or any rights to acquire the same, which may from time to time be issued by the Company.

(f) The holders of the Preferred Shares shall be entitled to receive copies of the financial statements of the Company and the auditors' report thereon to be submitted to the shareholders of the Company at annual meetings, but the holders of the Preferred Shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting unless and until the Company shall at any time have failed to pay dividends on the Preferred Shares of any one series equal in the aggregate to two (2) times the annual rate or amount of dividends carried by the Preferred Shares of such series in accordance with the terms thereof whether or not consecutive and whether or not such dividends shall have been declared and whether or not there shall have been any monies of the Company properly applicable to the payment of dividends, and for such purpose such dividends shall be deemed to have accrued from day to day. Thereafter, but only so long as any dividends on the Preferred Shares of any series, if such Preferred Shares be cumulative, remain in arrears or, if such Preferred Shares be non-cumulative, until an amount or amounts equal in the aggregate to one (1) year's dividends at the annual rate or amount of dividends carried by such non-cumulative Preferred Shares shall have been paid thereon, the holders of the Preferred Shares shall be entitled to receive notice of all meetings of shareholders of the Company and to attend thereat, and shall at any such meeting, except upon any election of directors to be elected by holders of shares of the Company other than holders of Preferred Shares as hereinafter provided and except when the vote of the holders of shares of any other class is to be taken separately and as a class, be entitled to one (1) vote in respect of each Preferred Share held and shall, moreover, be entitled to vote separately and exclusively as a class for the election of two (2) directors if the board of directors shall then consist of eight (8) members or less or for the election of three (3) directors if the board of directors shall then consist of nine (9) members or more and in such circumstances, the holders of shares of the Company, other than the Preferred Shares, shall have no voice in any such election of such two (2) or three (3) directors, as the case may be, but shall vote separately and exclusively for the election of the other directors of the Company.

Nothing hereinbefore contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its directors.

Notwithstanding anything contained in the by-laws of the Company, upon the holders of the Preferred Shares becoming entitled to elect directors as herein provided, the term of office of all persons who may then be directors of the Company, or who may have been appointed as directors thereafter and before a meeting of shareholders for the election of directors shall have been held, shall terminate upon the election of new directors at the next annual meeting of shareholders or at a special general meeting of shareholders held for the election of directors, whichever first occurs. Such a special general meeting of shareholders (of which not less than twenty-one (21) days' prior notice shall be given) may be called and held at any time after the holders of the Preferred Shares become entitled to elect directors and shall be called by the Secretary of the Company upon the written request of the holders of at least one-tenth ($1/10$) in number of the Preferred Shares then outstanding. In default of the calling of such special general meeting by the Secretary of the Company within fifteen (15) days after the receipt of any such request, it may be called by any holder of Preferred Shares.

Any vacancy occurring among members of the board of directors elected and/or appointed to represent the holders of Preferred Shares in accordance with the provisions hereof may be filled by the directors for the time being in office with the consent and approval of the remaining director or directors elected and/or appointed to represent the holders of Preferred Shares; but, if there be no such remaining director or directors, the directors for the time being in office may appoint any duly qualified holder of Preferred Shares to fill any such vacancy.

Notwithstanding anything contained in the by-laws of the Company, upon any termination of the rights of the holders of the Preferred Shares to elect directors as herein provided, the term of office of all persons who may then be directors of the Company, or who may have been appointed as directors thereafter and before a meeting of shareholders for the election of directors shall have been held, shall terminate upon the election of new directors at the next annual meeting of shareholders or at a special general meeting of shareholders held for the election of directors, whichever first occurs. Such a special general meeting of shareholders (of which not less than twenty-one (21) days' prior notice shall be given) may be called and held at any time after any such termination of the rights of the holders of the Preferred Shares to elect directors and shall be called by the Secretary of the Company upon written request of the holders of at least one-tenth ($1/10$) in number of the shares of the Company then outstanding and carrying voting rights for the election of directors. In default of the calling of such special general meeting by the Secretary of the Company within fifteen (15) days after the receipt of any such request, it may be called by any holder of shares then carrying voting rights for the election of directors.

Notwithstanding anything contained in the by-laws of the Company, the holding of one (1) Preferred Share shall be sufficient to qualify a person for election or appointment as a director of the Company to represent the holders of Preferred Shares.

(g) Any and all of the provisions of paragraphs (a) to (f) hereof (both inclusive), of this paragraph (g) and those of the immediately succeeding paragraph (h) hereof may be amended, varied, modified, deleted or amplified by by-law duly made, passed and enacted by the directors of the Company, but only if such by-law be sanctioned by the holders of the Preferred Shares as hereinafter provided in paragraph (h) hereof, in addition to any other sanction, if any, which may be required under the provisions of the Canada Corporations Act and be confirmed by supplementary letters patent.

(h) The sanction of the holders of the Preferred Shares with respect to any matters which may be required to be sanctioned by them, as distinct from any sanction which may be required under the provisions of the Canada Corporations Act, may be given in writing by the holders of not less than two-thirds ($2/3$) of the Preferred Shares for the time being outstanding or by resolution duly passed and carried by not less than two-thirds ($2/3$) of the votes cast on a poll at a special meeting of the holders of the Preferred Shares duly called and held for the purpose of considering the subject matter of any such resolution and at which holders of not less than a majority of all Preferred Shares

then outstanding are present in person or represented by proxy, provided, however, that, if at any such meeting the holders of at least a majority of all Preferred Shares then outstanding are present in person or represented by proxy, provided, however, that, if at any such meeting the holders of at least a majority of all Preferred Shares then outstanding are not present in person or so represented by proxy within one-half (½) hour after the time fixed for the meeting, then the meeting shall be adjourned to such date, being not less than fifteen (15) days later, and to such time and place as may be fixed by the chairman of such meeting and, at such adjourned meeting the holders of Preferred Shares present in person or so represented by proxy, whether or not they hold more or less than a majority of all Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution of sanction duly passed and carried thereat by not less than two-thirds (⅔) of the votes cast on a poll at such adjourned meeting shall constitute the sanction of the holders of the Preferred Shares hereinbefore mentioned; notice of any such original special meeting of the holders of the Preferred Shares shall be given not less than fifteen (15) days prior to the date fixed for any such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than seven (7) days prior to the date fixed for any such adjourned meeting, but it shall not be necessary to specify in any such notice of any such adjourned meeting the purpose for which the adjourned meeting is called; the formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders; on every poll taken at any such original meeting or adjourned meeting, every holder of Preferred Shares present in person or so represented by proxy and voting shall be entitled to one (1) vote in respect of each Preferred Share held.

SERIES "A" PREFERRED SHARES

The first series of the said class of Preferred Shares shall consist of One Hundred Thousand (100,000) shares of the par value of Twenty-five Dollars ($25.00) each and shall be designated '$1.50 Cumulative Redeemable Preferred Shares, Series "A"' (herein called 'Series "A" Preferred Shares') and, in addition to the rights, restrictions, conditions and limitations attaching to the Preferred Shares as a class, shall carry and be subject to the following rights, restrictions, conditions and limitations, that is to say:—

(aa) The holders of the Series "A" Preferred Shares shall be entitled to receive, and the Company shall pay thereon, as and when declared by the directors, out of monies of the Company properly applicable to the payment of dividends, fixed cumulative preferential cash dividends at the rate of one dollar and fifty cents ($1.50) per share per annum, payable (except with respect to the first dividend) in quarterly instalments in lawful money of Canada on the last day of each of the months of January, April, July and October in each year, the first of such dividends to become payable on January 31, 1969 and provided that the amount be equal to dividends accrued on a day-to-day basis on the $1.50 Cumulative Redeemable Preferred Shares, Series "A" of WHI to the date on which this Agreement comes into effect plus dividends accrued on a day-to-day basis on the Series "A" Preferred Shares from the date this Agreement becomes effective to the date of payment. Warrants or cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada (any far northern branches from time to time designated by such bankers excepted) shall be issued in respect of such dividends and payment thereof shall satisfy such dividends. If, on any dividend payment date in respect of the Series "A" Preferred Shares, the dividend payable on such date is not paid in full on all the Series "A" Preferred Shares then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the directors on which the Company shall have sufficient monies properly applicable to the payment thereof. The holders of the Series "A" Preferred Shares shall not be entitled to any dividends other than or in excess of the preferential dividends for which provision is expressly made herein.

(bb) So long as any Series "A" Preferred Shares are outstanding, no dividends shall at any time be declared or paid or set apart for payment on the Common Shares or on any other shares of the Company ranking after the Series "A" Preferred Shares unless:—

(i) prior to the declaration of any such dividend there shall have been declared and paid or set apart for payment on the Series "A" Preferred Shares all dividends thereon theretofore accrued and remaining unpaid, if any, and the instalment of dividends in respect of the then current quarterly dividend period; and

(ii) at the time of the declaration of any such dividend, the surplus of the Company available for payment of dividends, after deduction of the aggregate amount of any such dividend, shall be not less than an amount sufficient to provide for the payment of one (1) year's dividends on the Series "A" Preferred Shares then outstanding.

(cc) In the event of the liquidation, dissolution or winding-up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Series "A" Preferred Shares then issued and outstanding shall be entitled to receive, in lawful money of Canada, the amount paid up on such Series "A" Preferred Shares together with all dividends accrued thereon up to the date when any resolution is passed or any judgment is rendered ordering any such liquidation, dissolution, winding-up or other distribution of assets and then remaining unpaid, whether or not earned or declared (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day) and, if such liquidation, dissolution, winding-up or other distribution of assets by the Company for the purpose of winding up its affairs shall result from voluntary action on the part of the Company, a premium per share in lawful money of Canada equal to five per cent (5%) of the amount paid up thereon, before any amount shall be paid to, or any property or assets of the Company distributed among holders of the Common Shares or of any other shares of the Company ranking after the Series "A" Preferred Shares. After payment to the holders of the Series "A" Preferred Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Company.

(dd) The Company may at any time purchase out of capital pursuant to the provisions of subsection (3) of section 49 of the Canada Corporations Act or purchase pursuant to the provisions of section 61 of the said Act, in the open market (including purchase through or from an investment dealer or from a member of a recognized Stock Exchange) or, by invitation for tenders addressed to all the holders of record of Series "A" Preferred Shares, the whole or any part of the Series "A" Preferred Shares outstanding from time to time, at the lowest price at which, in the opinion of the directors of the Company, such shares are obtainable, but not exceeding the redemption price thereof plus costs of purchase; if, upon any invitation for tenders under the provisions of this paragraph (dd), the Company shall receive tenders for Series "A" Preferred Shares at the same lowest price which the Company may be willing to pay in an aggregate number greater than the number which the Company is then agreeable to purchase, the Series "A" Preferred Shares so tendered shall be purchased from each of the holders of Series "A" Preferred Shares who shall have submitted tenders at the said same lowest price as nearly as possible *pro rata* (disregarding fractions) according to the number of Series "A" Preferred Shares so tendered by each of such holders. From and after the date of purchase of any Series "A" Preferred Shares, the shares so purchased shall be cancelled; and, if such purchase shall have been made pursuant to the provisions of subsection (3) of section 49 of the said Act, the authorized and issued capital of the Company shall thereby be decreased accordingly upon due compliance with the provisions of section 62 of the said Act.

(ee) The Company may, at its option exercisable by resolution of the directors, redeem out of capital pursuant to the provisions of subsection (3) of section 49 of the Canada Corporations Act or redeem pursuant to the provisions of section 61 of the said Act, on such date as may be fixed by such resolution, the whole at any time or any part from time to time of the Series "A" Preferred Shares from time to time outstanding on payment for each share to be redeemed of the amount paid up thereon, plus all dividends, if any, accrued thereon up to the date fixed for redemption and then remaining unpaid (which dividends, for such purpose, shall be deemed to have accrued from day to day) and plus a premium per share in lawful money of Canada equal to five per cent (5%) of the amount paid up thereon.

If part only of the then outstanding Series "A" Preferred Shares is at any time to be redeemed, the Series "A" Preferred Shares so to be redeemed shall be selected by lot in such manner as the directors or the transfer agent appointed by the Company in respect of the Series "A" Preferred Shares shall decide or, if the directors so determine, may be redeemed *pro rata*, fractions of shares to be disregarded.

Notice of any such redemption shall be given by the Company not less than thirty (30) days prior to the date fixed for redemption by mailing such notice to the registered holders of the Series "A" Preferred Shares to be redeemed at their respective addresses appearing in the books of the Company or, in the event of the address of any shareholder not so appearing, then to the last known address of such shareholder. Such notice shall set out the redemption price and the date fixed for redemption and, if part only of the Series "A" Preferred Shares held by the person to whom such notice is addressed is to be redeemed, the number of such Series "A" Preferred Shares so held by such person so to be redeemed. On and after the date fixed for redemption, the Company shall pay or cause to be paid the redemption price to or to the order of the registered holders of the Series "A" Preferred Shares to be redeemed on presentation and surrender, at the head office of the Company or at any other place designated in such notice, of the certificates representing the respective Series "A" Preferred Shares called for redemption. Such Series "A" Preferred Shares shall thereupon be and be deemed to be redeemed and shall be cancelled. Such payment shall be by warrant or cheque payable at par at any branch of the Company's bankers for the time being in Canada (any far northern branches designated by such bankers excepted). If less than all the Series "A" Preferred Shares represented by any such certificates are redeemed, a new certificate shall be issued, without charge to the holder, representing the unredeemed Series "A" Preferred Shares. From and after the date fixed for redemption, the holders of the Series "A" Preferred Shares called for redemption shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation and surrender of such certificates in accordance with the foregoing provisions, in which event the rights of the holders shall remain unaffected. Should the holders of any of the Series "A" Preferred Shares so called for redemption fail to present and surrender in accordance with the foregoing provisions, the certificates representing such shares on the date fixed for redemption, the Company shall have the right to deposit the redemption price of such Series "A" Preferred Shares to the credit of a special account in any chartered bank or trust company in Canada, of which notice shall have been or shall be given to the holders of the Series "A" Preferred Shares so called for redemption, to be paid without interest to or to the order of the respective registered holders of such Series "A" Preferred Shares called for redemption on presentation and surrender to such chartered bank or trust company of the certificates representing the same.

Upon such deposit being made, the Series "A" Preferred Shares in respect of which such deposit shall have been made shall be deemed to be redeemed and shall be cancelled and the rights of the holders thereof, after such deposit, shall be limited to the right to receive without interest from the depositary their proportionate part of the amount so deposited on presentation and surrender of their respective certificates. Any interest allowed on any such deposit shall belong to the Company.

In the event that the Company in the exercise of the right for which provision is made in this Paragraph (ee) redeems any Series "A" Preferred Shares out of capital pursuant to the provisions of subsection (3) of section 49 of the said Act, such shares shall be cancelled and the authorized and issued capital of the Company shall thereby be decreased accordingly upon due compliance with the provisions of section 62 of the said Act.

(eea) Subject as hereinafter provided, so long as any of the Series "A" Preferred Shares are outstanding, the Company may during the calendar year commencing on the first day of January, 1969 and during each and every calendar year thereafter, purchase at such time or times during each such year as the Company in its discretion shall determine an aggregate of Four Thousand (4,000) Series "A" Preferred Shares or 4% of the number

of Series "A" Preferred Shares now or hereafter issued, whichever is the greater, in the open market (including purchase through or from an investment dealer or through a member of a recognized Stock Exchange), provided that, notwithstanding anything contained in this paragraph (eea):

(i) the Company shall not be obligated to purchase Series "A" Preferred Shares in the open market as aforesaid at a price exceeding Twenty-five Dollars ($25.00) per share plus costs of purchase;

(ii) in the event that the Company does not in any year or years purchase the respective number of Series "A" Preferred Shares above set forth the Company will in the subsequent year or years purchase the respective number of shares plus any deficiency, if any, of the prior year or years;

(iii) the Company shall not be in default of the obligation to purchase Series "A" Preferred Shares, provided for by this paragraph (eea), in the event that, notwithstanding all reasonable effort by the Company, the Company is unable to purchase during any of the said years the respective number of Series "A" Preferred Shares as aforesaid;

(iv) any Series "A" Preferred Shares purchased in accordance with the provisions of paragraph (dd) of the conditions attaching to the Series "A" Preferred Shares or redeemed in accordance with the provisions of paragraph (ee) of the conditions attaching to the Series "A" Preferred Shares, shall, notwithstanding their cancellation, constitute a credit of a number of Series "A" Preferred Shares equal to the number so purchased or redeemed, as the case may be, which may at the election of the Company at any time and from time to time be used to reduce or satisfy the obligations of the Company to purchase Series "A" Preferred Shares in accordance with the provisions of this paragraph (eea);

(v) the Company may not purchase any such shares if and so long as any dividends on the Series "A" Preferred Shares are in arrears or if and so long as any such purchase would be contrary to any applicable law.

(ff) So long as any of the Series "A" Preferred Shares are outstanding, the Company shall not, except as hereinafter provided, without the prior approval of the holders of the Series "A" Preferred Shares given as hereinafter specified, but may from time to time with such prior approval:

(i) create or issue any shares ranking in priority to or *pari passu* with the Series "A" Preferred Shares;

(ii) increase the authorized number of the Series "A" Preferred Shares;

(iii) issue any additional Preferred Shares other than the Series "A" Preferred Shares; provided, however, that nothing hereinbefore contained shall prevent or prohibit the Company (1) from creating or issuing any shares ranking in priority to or *pari passu* with the Series "A" Preferred Shares out of the proceeds of which all of the Series "A" Preferred Shares are to be purchased or redeemed within a period of one hundred and twenty (120) days of such issue; (2) from increasing the authorized number of the Series "A" Preferred Shares if, out of such authorized number as so increased, Series "A" Preferred Shares be issued and out of the proceeds thereof the Series "A" Preferred Shares outstanding at the time of any such issue be purchased or redeemed; or (3) from issuing additional Preferred Shares (including additional Series "A" Preferred Shares) if: (a) the average of the Annual Consolidated Net Income of the Company and its Subsidiaries (or, if applicable, of any predecessor companies which were amalgamated to form this Company or to form any such predecessor Company and of their respective Subsidiaries) available for dividends for the two (2) fiscal years immediately preceding the date of issue of such additional Preferred Shares, is equal to at least four (4) times the annual dividend requirements of all Preferred Shares to be outstanding after the

issue of such additional Preferred Shares, and (b) the Consolidated Net Tangible Assets of the Company and its Subsidiaries are at least equal to two and one-half ($2\frac{1}{2}$) times the par value of the Preferred Shares of the Company to be outstanding after the issue of such additional Preferred Shares, all as determined by the Company's auditors at the time of issue, and computed in accordance with generally accepted accounting principles.

For the purpose of the foregoing provisions, the following words or phrases shall have the meaning set forth, namely:—

(i) 'Consolidated Net Tangible Assets' means the total of all assets appearing on a Consolidated Balance Sheet of the Company and its subsidiaries, prepared in accordance with generally accepted accounting principles, less the sum of all the following amounts appearing on such Consolidated Balance Sheet:

(a) amounts, if any, at which goodwill, excess of cost of investments in shares of Subsidiaries (which are being consolidated) over book value of such shares, trademarks, copyrights, patents and other similar intangible assets and unamortized stock or debt commission, discount expense and premium shall appear as assets;

(b) in the case of any assets of the Company, the amount of any write-up of the value of such assets if made on the books of the Company subsequent to December 31, 1967 and, in the case of any asset of a Subsidiary, the amount of any write-up of the value of such asset if made on the books of such Subsidiary after the later of December 31, 1967 or the date on which such Subsidiary became a Subsidiary, provided, however, that investments in securities of companies, other than Subsidiaries whose accounts are consolidated with those of the Company, which have a quoted market value shall be taken at their quoted market values;

(c) the amounts of all liabilities, including current liabilities, funded obligations, minority interest and other contingent liabilities;

all as the Company's auditors shall determine on a consolidated basis in accordance with generally accepted accounting principles.

There also shall be included in the Consolidated Net Tangible Assets any amount which the auditors of the Company estimate would have been included in the Consolidated Net Tangible Assets if any Future Acquired Property had been owned by the Company or any Future Acquired Subsidiary had been a Subsidiary at the date as of which the Consolidated Net Tangible Assets are to be determined hereunder less the amount, if any, of any liability assumed as the result of the acquisition of the Future Acquired Property or Future Acquired Subsidiary as the case may be.

When determining any ratio between the Consolidated Net Tangible Assets and the par value of the Preferred Shares of the Company, such determination shall be made as at a date not more than one hundred and twenty (120) days prior to the date of adoption of the resolution of the directors of the Company authorizing the issue of the additional Preferred Shares in respect of which such ratio is being determined and there shall be taken into calculation all issues and retirements of funded obligations, purchase money mortgages and of shares of capital stock and the proceeds of such issues and the expenditures on such retirements made and received, as the case may be, subsequent to the date as of which such determination is being made, up to and including the date of the first delivery of any of the Preferred Shares authorized by such resolution and including all the Preferred Shares of the particular issue or series of which the Preferred Shares of such first delivery formed part and which have been authorized for issue by said resolution and the estimated net proceeds to be received on the issue of such additional Preferred Shares.

(ii) 'Consolidated Net Income' with reference to any period means the total operating and non-operating revenues for that period (but not including capital gains on the purchase and sale of investments and fixed assets) less all fixed charges, cost of products sold and all administration, selling and operating expenses of every character in connection therewith, including therein repairs, maintenance, insurance, rentals, licences, interest charges, depreciation, depletion, amortization, provision for taxes and proper allowances in respect of any interest of minority shareholders in any Subsidiary, all as determined on a consolidated basis by the auditors of the Company in accordance with generally accepted accounting principles.

When determining any ratio required to be determined hereunder between the Consolidated Net Income and the dividends payable on the Preferred Shares of the Company, the directors of the Company may rely on the last two audited consolidated financial statements of the Company and its Subsidiaries (or, if applicable, of any predecessor companies which were amalgamated to form this Company or to form any such predecessor Company and of their respective Subsidiaries).

There also shall be included in Consolidated Net Income any amount which the auditors of the Company estimate would have been included in Consolidated Net Income if any Future Acquired Property had been owned by the Company or any Future Acquired Subsidiary had been a Subsidiary during any relevant period for which Consolidated Net Income is to be determined hereunder, less the amount of the income, if any, during such relevant period derived by the Company from assets disposed of or to be disposed of by the Company, the proceeds of which have been or are to be employed by the Company for the acquisition of any such Future Acquired Property or Future Acquired Subsidiary.

(iii) 'Future Acquired Property' shall mean and include any property, moveable or immoveable, real or personal (other than shares of a corporation or company to such extent as will constitute such corporation or company as a Subsidiary) which the Company, at the time of the proposed issue of any additional Preferred Shares other than the Series "A" Preferred Shares, has undertaken to acquire or has already acquired and the cost of acquisition of which, in whole or in part, is to be paid or to be reimbursed to the Company (whether directly or indirectly through the repayment of bank loans or otherwise) out of the proceeds of such proposed issue of Preferred Shares.

(iv) 'Future Acquired Subsidiary" shall mean a corporation or company, the shares of which the Company, at the time of the proposed issue of any additional Preferred Shares other than the Series "A" Preferred Shares, has undertaken to acquire or has already acquired to such extent as will constitute such corporation or company a Subsidiary and the cost of acquisition of which, in whole or in part, is to be paid or to be reimbursed to the Company (whether directly or indirectly through the repayment of bank loans or otherwise) out of the proceeds of such proposed issue of Preferred Shares.

(v) 'Subsidiary' of any company shall mean any corporation a majority of the outstanding Voting Shares of which is owned directly or indirectly by or held for such company, and includes any subsidiary or subsubsidiary of any Subsidiary.

(vi) 'Voting Shares' shall mean shares of any class carrying voting rights but shall not include shares of any class carrying limited voting rights or carrying voting rights by reason of the happening of any contingency whether or not such contingency shall have happened.

(gg) Any and all provisions of paragraphs (aa) to (ff) hereof, both inclusive, of this paragraph (gg) and of the immediately succeeding paragraph (hh), may be amended, varied, modified, deleted or amplified by by-law duly made, passed and enacted by the directors of the Company but, so long as any of the Series "A" Preferred Shares remain outstanding, only if such by-law be sanctioned by the holders of the Series "A" Preferred Shares as hereinafter provided in paragraph (hh) hereof, in addition to any other sanction, if any, which may be required under the provisions of the Canada Corporations Act, and be confirmed by supplementary letters patent.

(hh) The sanction or approval of the holders of the Series "A" Preferred Shares with respect to any matters which may be required to be sanctioned or approved by them, as distinct from any sanction or approval which may be required under the provisions of the Canada Corporations Act, may be given in writing by the holders of not less than two-thirds (⅔) of the Series "A" Preferred Shares for the time being outstanding or by resolution duly passed and carried by not less than two-thirds (⅔) of the votes cast on a poll at a special meeting of the holders of the Series "A" Preferred Shares duly called and held for the purpose of considering the subject matter of any such resolution and at which holders of not less than a majority of all Series "A" Preferred Shares then outstanding are present in person or represented by proxy, provided, however, that, if, at any such meeting, the holders of at least a majority of all Series "A" Preferred Shares then outstanding are not present in person or so represented by proxy within one-half (½) hour after the time fixed for the meeting, then the meeting shall be adjourned to such date, being not less than fifteen (15) days later, and to such time and place as may be fixed by the chairman of such meeting and, at such adjourned meeting, the holders of Series "A" Preferred Shares present in person or so represented by proxy, whether or not they hold more or less than a majority of all Series "A" Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution of sanction or approval duly passed and carried thereat by not less than two-thirds (⅔) of the votes cast on a poll at such adjourned meeting shall constitute the sanction or approval of the holders of the Series "A" Preferred Shares hereinbefore mentioned; notice of any such original special meeting of the holders of the Series "A" Preferred Shares shall be given not less than fifteen (15) days prior to the date fixed for any such meeting and shall specify in general terms the purpose for which the meeting is called, and notice of any such adjourned meeting shall be given not less than seven (7) days prior to the date fixed for any such adjourned meeting, but it shall not be necessary to specify in any such notice of any such adjourned meeting the purpose for which the adjourned meeting is called; the formalities to be observed with respect to the giving of any notice of any such original meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Company with respect to meetings of shareholders; on every poll taken at any such original meeting or adjourned meeting, every holder of Series "A" Preferred Shares present in person or so represented by proxy and voting shall be entitled to one (1) vote in respect of each Series "A" Preferred Share held.

COMMON SHARES

The holders of Common Shares shall, subject to any prior rights, restrictions, conditions and limitations attaching to the Preferred Shares and to any series thereof or to any other shares of the Company ranking in priority to the Common Shares, be entitled to all of the rights conferred upon them as holders of Common Shares under the provisions of the said Act or otherwise by law and such holders of Common Shares shall at all meetings of shareholders, with the exception of any meeting of the holders of any shares of a different class held separately and as a class, be entitled to one (1) vote in respect of each Common Share held.

Printed in Canada

WARNOCK HERSEY INTERNATIONAL LIMITED

AND SUBSIDIARY COMPANIES

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Place Ville Marie
Montreal 113, Que.

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INTERIM REPORT

TO

SHAREHOLDERS

●

FOR THE SIX MONTHS ENDED JUNE 30, 1969

Montreal, Que.
August 29th, 1969

To the Shareholders:

Consolidated gross revenue increased by 43% to $42,292,973 and consolidated cash flow from operations (net income before depreciation and minority interest) increased by 52% from $779,912 to $1,185,020. Consolidated loss for the first half at $133,424 compares to consolidated net income last year of $196,737 and the gain on disposal of investments etc. aggregated $2,539,107 as compared to $4,873,068 last year.

As mentioned in the first quarter report many of your company's operations are of a seasonal nature which generate the major portion of their earnings between the months of May and October. In addition, increased carrying charges have been borne on indebtedness incurred to finance the rapid growth of your Company in the latter part of 1968. A significant part of this growth has taken the form of large minority interests in companies whose underlying earnings are not included in the consolidated accounts of the Company except to the extent of dividends, if any, received therefrom. While this situation is likely to continue throughout the second half of 1969, earnings for the full year of those companies which are consolidated are expected to compare favourably with those of 1968.

Since June 30th, the company has sold its interest in North America Trust Company. Your Management is continuing to assess each of the Company's investments in terms of its long range potential and expects to make further changes during the balance of this year.

The company's offers for the remaining shares of Trans Canada Freezers Limited and International Bronze Powders Limited have been extended to September 30th, 1969. The company now holds in excess of 90% of the outstanding shares in each of these companies.

The quarterly common dividend of eight cents and preferred dividend of thirty-seven and one-half cents per share have been declared and are payable to shareholders of record on September 15th and October 15th respectively.

The appointment of Mr. J. Claude Hébert as President and Chief Operating Officer has recently been announced. Mr. Hébert resigned the presidency of Canadian Executive Service Overseas to accept the Presidency of your Company. He possesses a broad experience both as founder of his own business and as a director of many prominent Canadian corporations.

W. HOWARD WERT, C.A.,
Chairman and Chief
Executive Officer.

WARNOCK HERSEY INTERNATIONAL LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME AND SURPLUS

	Six Months ended June 30 1969	Six Months ended June 30 1968
Gross revenue from operations	$41,292,973	$29,172,107
Income from investments	418,887	357,585
	41,711,860	29,529,692
Operating and administrative expenses	39,424,493	27,809,473
Depreciation	1,200,157	578,959
Interest on long term debt	605,291	374,335
Income taxes	497,056	565,972
Minority interest in profit (losses) of subsidiaries	118,287	4,216
	41,845,284	29,332,955
Net Income (Loss) for the period	$ (133,424)	$ 196,737
Consolidated Surplus, January 1	8,916,213	5,255,703
Gain on disposal of - investments	2,472,739	4,873,068
- fixed assets	66,368	—
Difference between cost of investments in subsidiaries and the underlying book value	(209,205)	(37,290)
Non-recurring charges	—	(462,860)
Dividends paid	(386,470)	(307,256)
Consolidated Surplus, June 30	$10,726,221	$ 9,518,102

P. T. O.

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